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1907

FIFTY-THIRD ANNUAL REPORT

OF THE

BOARD OF DIRECTORS

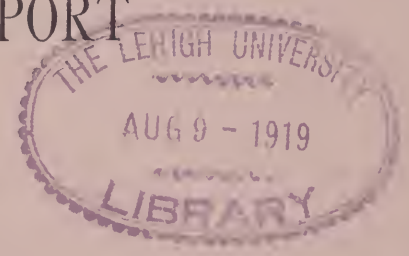
OF THE

LEHIGH VALLEY RAILROAD COMPANY

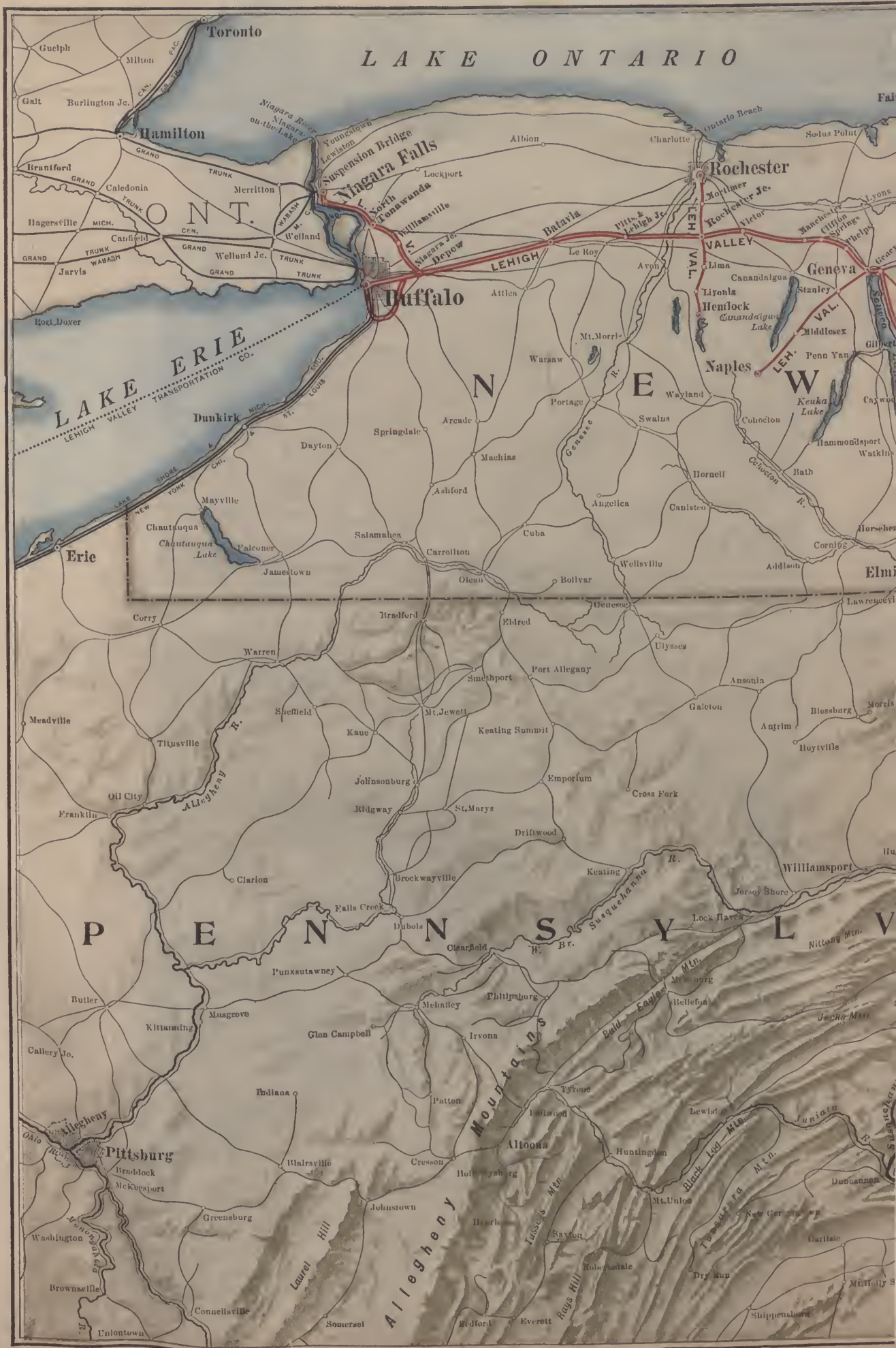
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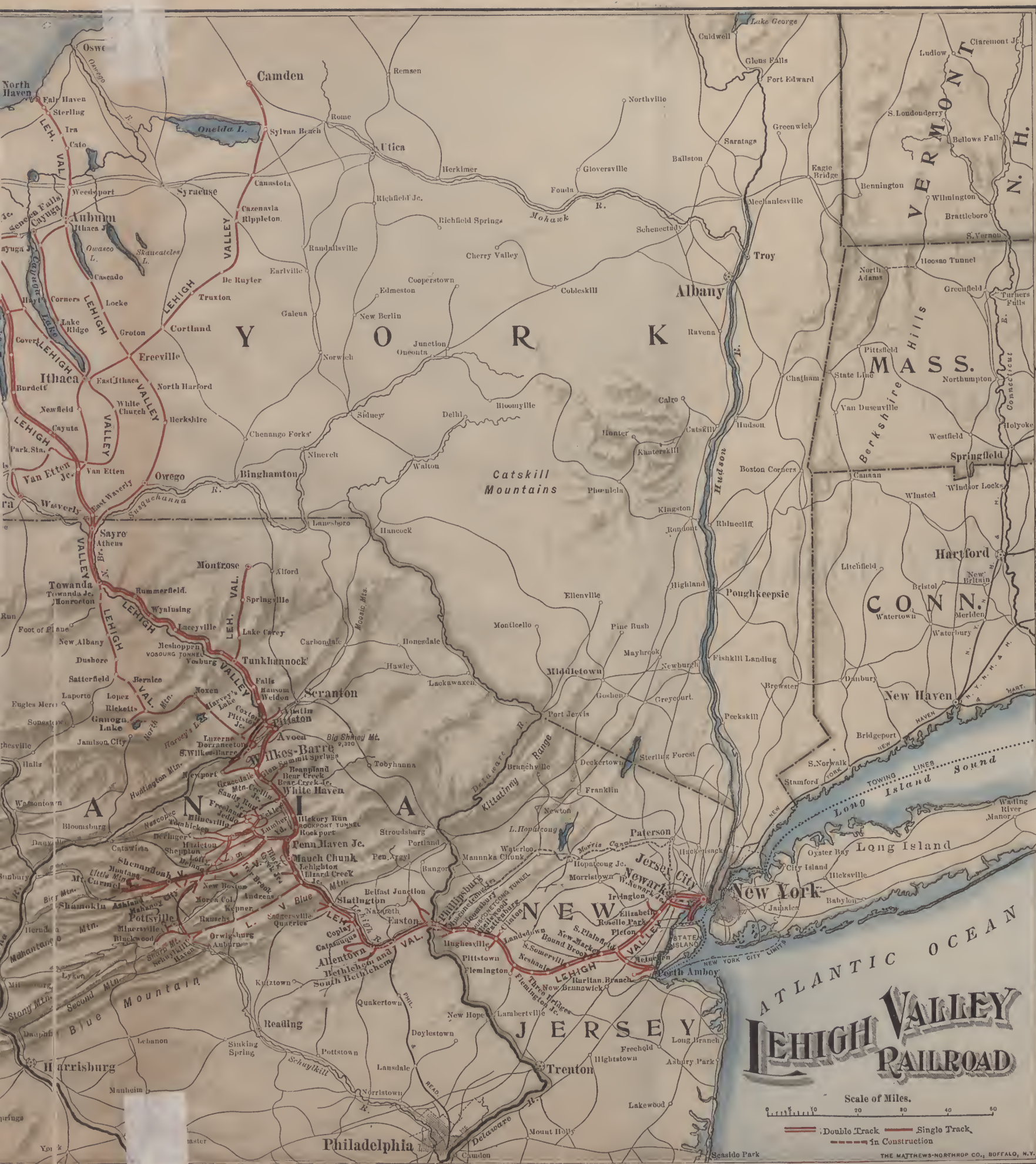
STOCKHOLDERS

FISCAL YEAR ENDED JUNE 30, 1907



LAKE ONTARIO





ATLANTIC OCEAN

LEHIGH VALLEY RAILROAD

Scale of Miles.
0 20 40 60

Double Track Single Track
--- in Construction

THE MATTHEWS-NORTHROP CO., BUFFALO, N.Y.

COMPLIMENTS OF

D. G. BAIRD.



FIFTY-THIRD ANNUAL REPORT

OF THE

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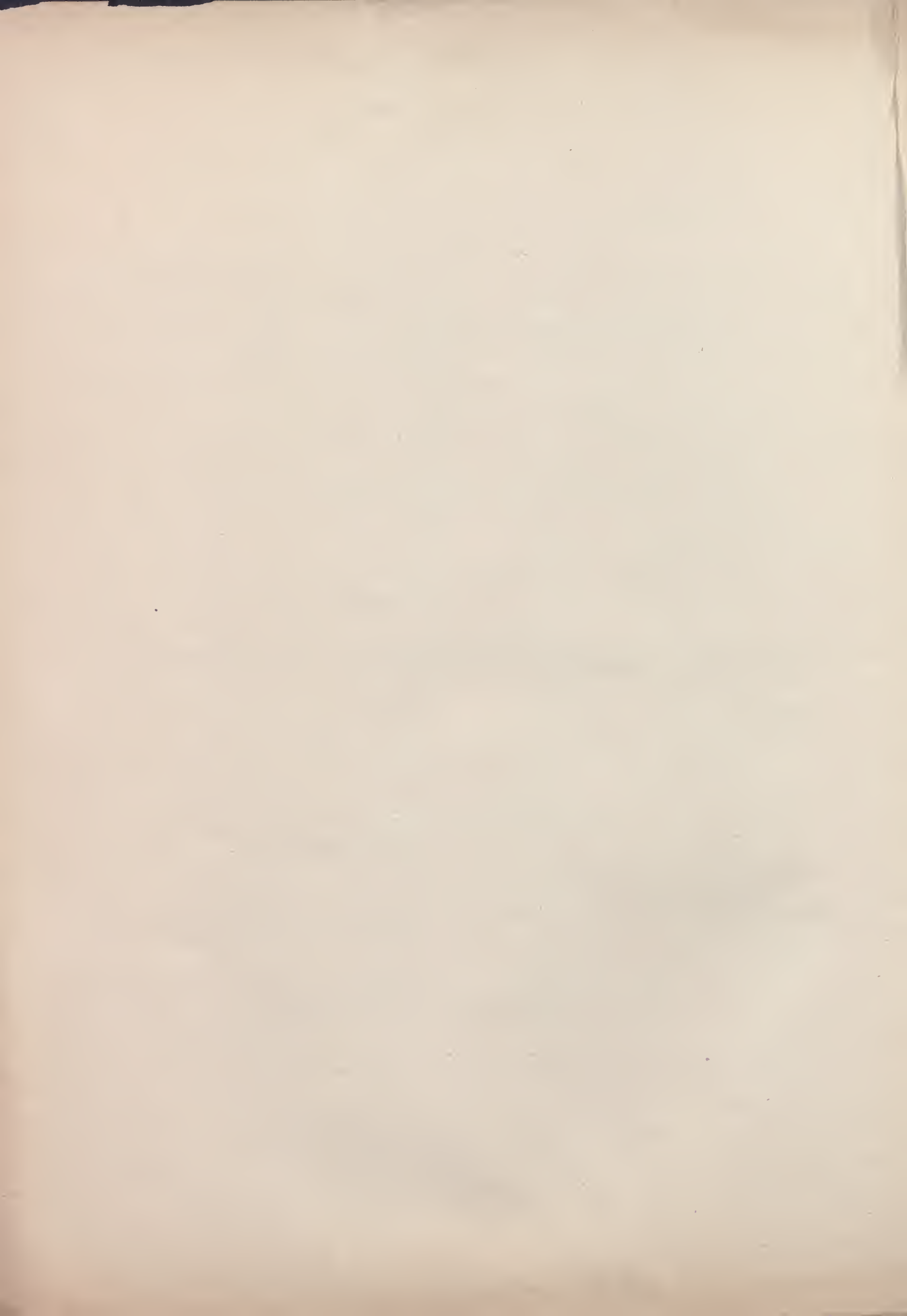
OF THE

LEHIGH VALLEY RAILROAD COMPANY

TO THE

STOCKHOLDERS

FISCAL YEAR ENDED JUNE 30, 1907



LEHIGH VALLEY RAILROAD COMPANY

BOARD OF DIRECTORS

GEORGE F. BAER	IRVING A. STEARNS
GEORGE F. BAKER	CHARLES STEELE
ROBERT C. LIPPINCOTT	EDWARD T. STOTESBURY
GEORGE H. McFADDEN	H. McK. TWOMBLY
ABRAM NESBITT	JOSEPH WHARTON
EDWARD B. SMITH	SIMON P. WOLVERTON

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J. A. MIDDLETON	<i>First Vice President</i>
T. N. JARVIS	<i>Second Vice President</i>
E. A. ALBRIGHT	<i>Assistant to the President</i>
D. G. BAIRD	<i>Secretary</i>
W. C. ALDERSON.....	<i>Treasurer</i>
G. N. WILSON	<i>General Auditor</i>

FIFTY-THIRD ANNUAL REPORT

PHILADELPHIA, August 14, 1907

To the Stockholders of the Lehigh Valley Railroad Company:

The Board of Directors herewith submit the fifty-third annual report of the business of your Company and its allied interests for the fiscal year ended June 30, 1907.

MILEAGE

The mileage of railroads owned and operated by the Lehigh Valley Railroad Company, the main line of which extends from Jersey City, N. J., to Buffalo, N. Y., is as follows:—

	MILES
Owned, or controlled by ownership of entire capital stock	1,205.48
Controlled by ownership of majority of capital stock	157.39
Controlled by leases	27.88
Total mileage operated (owned and controlled)	1,390.75
Trackage rights over railroads owned by other companies	49.47
Total mileage	1,440.22

—of which 579.14 miles, or 40.21 per cent., have second track, 56.18 miles have third track and 20.47 miles have fourth track. There are also 1,067.29 miles of yard tracks and sidings on the system.

The decrease of 4.74 miles of first track is due principally to the removal of various colliery branches and to the change of a portion of the old main line at Allentown to third and fourth tracks.

The decrease shown in miles of yard tracks and sidings is occasioned by withdrawing therefrom the fourth track mileage which, in view of additional construction, is now shown as a separate item. The more important increases are referred to elsewhere in the report.

EARNINGS AND EXPENSES

The following statement shows the gross earnings, expenses and net earnings from the operation of the entire system for the fiscal year, not including other income.

For comparative purposes, similar figures are also given for the fiscal year of 1906.

GROSS EARNINGS

FROM	1907	1906	INCREASE	DECREASE
Coal freight	\$15,110,899 38	\$13,248,565 42	\$1,862,333 96	
Other freight	14,996,672 62	13,934,127 10	1,062,545 52	
Passenger	4,363,452 12	3,971,392 05	392,060 07	
Express	373,953 30	367,706 36	6,246 94	
Mail	217,792 69	217,745 88	46 81	
Miscellaneous	1,005,661 40	1,050,319 82		\$44,658 42
Total earnings	\$36,068,431 51	\$32,789,856 63	\$3,278,574 88	

OPERATING EXPENSES

FOR	1907	1906	INCREASE	DECREASE
Maintenance of way and structures . . .	\$3,196,854 34	\$3,153,245 22	\$43,609 12	. . . . .
Maintenance of equipment	6,186,641 83	5,485,794 06	700,847 77	. . . . .
Conducting transportation	12,100,681 44	10,891,953 73	1,208,727 71	. . . . .
General expenses	630,075 28	621,217 71	8,857 57	. . . . .
Total expenses	\$22,114,252 89	\$20,152,210 72	\$1,962,042 17	. . . . .
Net earnings from operations	\$13,954,178 62	\$12,637,645 91	\$1,316,532 71	. . . . .
Percentage of operating expenses to gross earnings	61.31	61.46		.15

The gross earnings of the Company for the year amounted to \$36,068,431.51, an increase as compared with the previous fiscal year of \$3,278,574.88, or 10 per cent. The total operating expenses amounted to \$22,114,252.89, an increase of \$1,962,042.17, or 9.74 per cent. The ratio of expenses to earnings was 61.31 per cent., a decrease as compared with the previous year of .15 per cent.

EARNINGS

COAL FREIGHT

The transportation of coal, including coke, yielded a revenue of \$15,110,899.38, an increase of \$1,862,333.96, or 14.06 per cent., as compared with the previous year.

The percentage of coal earnings to gross earnings was 41.89 per cent., an increase of 1.49 per cent.

The coal and coke tonnage transported, not including supply coal, amounted to 14,374,216 tons, an increase of 1,621,163 tons, or 12.71 per cent., over the year previous.

The number of tons moved one mile amounted to 2,022,206,603, an increase of 269,028,261, or 11.53 per cent.

The average haul decreased from 142.18 miles to 140.68 miles, a decrease of 1.50 miles, or 1.06 per cent.

The coal tonnage was 51.06 per cent. of the total tonnage hauled during the year, as against 49.88 per cent. for the previous year, being an increase of 1.18 per cent.

MERCHANDISE FREIGHT

The earnings derived from the transportation of merchandise freight amounted to \$14,996,672.62, an increase of \$1,062,545.52, or 7.63 per cent., as compared with the previous year.

The percentage of earnings derived from the transportation of merchandise freight to gross earnings was 41.58 per cent., a decrease of .92 per cent.

The tonnage moved, exclusive of Company's material, was 13,779,764 tons, an increase of 964,566 tons, or 7.53 per cent.

The number of tons carried one mile amounted to 2,747,893,327, an increase of 218,194,304 tons, or 8.63 per cent.

The average haul increased from 197.40 to 199.42 miles, an increase of 2.02 miles, or 1.02 per cent.

Company's material amounting to 431,139 tons was transported during the year, being an increase of 23,923 tons, or 5.87 per cent.

GENERAL FREIGHT TRAFFIC

The total earnings from both coal and merchandise freight aggregated \$30,107,572.00, an increase of \$2,924,879.48, or 10.76 per cent., as compared with the previous year.

The entire freight traffic amounted to 28,153,980 tons, being an increase of 2,585,729 tons, or 10.11 per cent.

The number of tons carried one mile was 4,770,099,930, an increase of 427,222,565, or 9.84 per cent.

The average distance carried was 169.43 miles, a decrease of .42 mile, or .25 per cent.

The average revenue per ton was 106.94 cents, as against 106.31 cents last year, being an increase of .63 cent, or .59 per cent.

Company's freight, not included in the above, amounted to 2,481,863 tons, an increase of 270,926 tons, or 12.25 per cent.

The total freight train mileage was 9,062,057 miles, an increase of 440,174 miles, or 5.11 per cent., while the volume of tonnage increased, as shown above, 10.11 per cent.

Revenue received per freight train mile was \$3.32 as compared with \$3.15, being an increase of 17 cents, or 5.40 per cent.

The average train load of revenue freight was 526.38 tons, an increase of 22.68 tons, or 4.50 per cent. Including Company's freight, the average train load was 546.28 tons, as against 523.34 last year, an increase of 22.94 tons, or 4.38 per cent.

The average number of tons of revenue freight in each loaded car was 21.83 tons, an increase of 1.37 tons, or 6.70 per cent. Including Company's freight, the average carload on the system was 22.66 tons, an increase of 1.40 tons, or 6.59 per cent.

PASSENGER TRAFFIC

The revenue from this class of traffic amounted to \$4,363,452.12, an increase of \$392,060.07, or 9.87 per cent., as compared with the previous year.

Total number of passengers carried was 5,181,533, an increase of 191,544, or 3.84 per cent.

The number of passengers carried one mile increased 23,102,299, or 10.16 per cent.

The average revenue paid by each passenger was 84.21 cents, an increase of 4.62 cents, or 5.80 per cent.

The average revenue per passenger per mile was 1.742 cents, a decrease of .005 cent, or .29 per cent.

The average distance traveled by each passenger was 48.34 miles, an increase of 2.78 miles, or 6.10 per cent.

Passenger train mileage was 4,084,695, an increase of 175,385, or 4.49 per cent.

The earnings from passengers per passenger train mile were 106.82 cents, an increase of 5.23 cents, or 5.15 per cent.; the average number of passengers per train was 61.32, an increase of 3.16, or 5.43 per cent., and the average number of passengers per car was 17.88, a decrease of .03, or .17 per cent.

EXPRESS

The earnings from this source amounted to \$373,953.30, an increase of \$6,246.94.

MAIL

The revenue derived from the transportation of United States mails amounted to \$217,792.69, an increase of \$46.81.

MISCELLANEOUS

Miscellaneous earnings amounted to \$1,005,661.40, a decrease of \$44,658.42. The details of these earnings appear in Table No. 8.

EXPENSES**MAINTENANCE OF WAY**

Expenditures amounting to the sum of \$3,196,854.34 were made for the maintenance of way and structures, being an increase of \$43,609.12, or 1.38 per cent., as compared with the previous twelve months.

During the year eleven steel bridges, replacing lighter metal structures, and seventeen steel bridges, replacing wooden bridges and trestles, were erected. Eight metal bridges and four wooden bridges and trestles were filled in.

97.55 miles of single track were fully ballasted and 29.70 miles partially ballasted with stone, for which purpose 307,637 cubic yards of crushed stone and 46,379 cubic yards of screenings were used. In addition, 36 miles were fully ballasted with gravel, and 41 miles raised and ballasted with cinders.

235,752 feet, or 44.65 miles, of Company's sidings and 30,835 feet, or 5.84 miles, of private sidings were constructed.

19,743 tons of new 90-pound rail, together with necessary frogs, switches, etc., were placed in the track.

373,985 tie plates were used.

569,272 cross ties, 1,606,213 feet B. M. switch ties, 377,127 feet B. M. bridge ties and lumber amounting to 3,906,278 feet B. M., were used during the year.

Drain tile to the extent of 10,800 feet, or 2.05 miles, was used.

1.26 miles of portable snow fences were erected at various points.

A new 62-lever electrically operated interlocking plant was put in operation at Wyandotte Street, South Bethlehem, replacing manual plants at North Penn Junction and Brodhead Avenue. At Van Etten, a 25-lever electrically operated plant was installed, replacing a manual plant of 11 levers. Interlocking plants were installed at Cortland with 31 levers, Silver Brook 16 levers, Laurel Junction 18 levers, Malone's Siding 2 levers, and additions made at Sayre of 4 levers, Pittston Junction 5 levers, Pine Junction 5 levers, and Coxton 6 levers.

Increased commissary and laundry accommodations for the dining car department were provided at South Easton.

At Scott Street, Buffalo, additional team tracks and driveways were put in and the canal bridge removed. Two local delivery sidings were constructed at Constable Hook. The local freight facilities at Allentown were increased by the construction of two sidings and a driveway.

Track scales of 100 tons capacity each were installed at South Plainfield, Delano and North Fair Haven.

2.25 miles of new telegraph and telephone pole line were constructed, 17.44 miles rebuilt and 81 miles reset. Telegraph wires were extended from Silver Brook Junction to New Boston Junction, a distance of 6.2 miles.

Copper metallic telephone circuits were extended from Roan to Lumber Yard, a distance of 6.75 miles; from Coxton to Ransom, 3.5 miles; and at the Tift Farm Terminal 2.3 miles. Iron metallic telephone circuits were erected between Rockport and Penn Haven Junction, a distance of 6.1 miles.

Grounded telephone circuits were installed between Treichler and Rockdale, a distance of 6.2 miles, and between Swartwood and Park Station, a distance of 3.8 miles.

115.6 miles of new copper, 1 mile of new iron and 37.45 miles of second hand iron wire were used in extending telephone, telegraph and signal wires. 105.5 miles of copper wire were used in replacing worn out wires in the same service.

MAINTENANCE OF EQUIPMENT

The sum of \$6,186,641.83 was expended during the year for the maintenance of equipment, being an increase of \$700,847.77, or 12.78 per cent., as compared with the preceding year. This increase is due to the necessarily greater expense of maintaining the larger number of locomotives and cars now comprising the Company's equipment, to the additional cost of labor and material and to the increased charges to this account for equipment condemned and taken out of service.

Forty freight, ten switching and five passenger locomotives were purchased, forty of which were charged to Capital Account. Two 8-wheel locomotive cranes and fifteen 8,000-gallon capacity tenders were also purchased.

Ten locomotives, unfit for further service and too light to warrant rebuilding, were sold and Operating Expenses charged with their value.

The total number of locomotives at the end of the year was 857, having a tractive power of 22,777,258 pounds, an increase of 45 locomotives and 1,828,909 tractive power pounds.

The average tractive power per locomotive at the close of the year was 26,578 pounds, an increase of 780 pounds, or 3.02 per cent.

Nine locomotives were rebuilt. 63 new fire boxes, two new tender frames and two new cisterns were applied. Three 4,500-gallon capacity tenders were constructed.

There were purchased and placed in service during the year under Equipment Trust, Series I, two thousand 80,000-pounds capacity steel underframe box and two thousand 100,000-pounds capacity steel coal cars. Five hundred 80,000-pounds capacity steel underframe box cars were purchased and charged to Capital Account. Five hundred 80,000-pounds capacity steel underframe box, one dining and twenty express cars were purchased and charged to Additions and Improvements. Five hundred 80,000-pounds capacity steel gondola, one hundred and two 60,000-pounds capacity steel underframe produce, twenty-five 60,000-pounds capacity steel underframe automobile and ten 80,000-pounds capacity steel underframe box cars were purchased and charged to Expenses and Equipment Renewal Reserve.

Thirteen 4-wheel steel underframe caboose cars and one set of 285,000-pounds capacity gun and armor trucks were built.

One combination passenger and baggage car, one express car, 998 freight equipment cars and 26 road service cars were condemned and destroyed during the year and the value thereof charged to Operating Expenses.

The total number of freight equipment cars in service at the end of the year was 41,810, having a capacity of 1,357,740 tons, an increase of 4,649 cars and 221,784 tons.

One café car was converted into a dining car, one chair car into a passenger coach and three coaches assigned to road service.

394 passenger equipment cars were painted and varnished and fifteen equipped with wide vestibules and standard steel platforms.

Air brakes were applied to 397 freight equipment cars at a cost of \$21,940.

CONDUCTING TRANSPORTATION

The total expense of conducting transportation was \$12,100,681.44, being an increase of \$1,208,727.71, or 11.10 per cent., as compared with the previous fiscal year. Freight train mileage increased 5.11 per cent., and ton miles increased 9.84 per cent. Passenger train mileage increased 4.11 per cent., and passenger miles increased 10.16 per cent.

The ratio of conducting transportation to gross earnings was 33.55 per cent., as against 33.22 per cent. last year, an increase of .33 per cent.

The increase in this class of expenses is due to an increased volume of traffic, increased rates of wages paid employees and the greater cost of all materials and supplies.

GENERAL EXPENSES

The total expenditures under this head amounted to \$630,075.28, an increase of \$8,857.57.

TAXES

The taxes paid amounted to \$885,908.95, or 2.46 per cent. of the Company's gross earnings, an increase of \$178,869.05, or 25.30 per cent.

FLOATING EQUIPMENT

The lake fleet of the Lehigh Valley Transportation Company shows no change in the number or character of the vessels, the equipment being as follows:—

NAME	CAPACITY
Wilkes-Barre.....	6,000 tons.
Mauch Chunk.....	6,000 "
Bethlehem.....	3,000 "
Seneca.....	3,000 "
Saranac.....	3,000 "
Tuscarora.....	3,000 "

The floating equipment in New York Harbor at the close of the year consisted of

23 tugs,	6 steam lighters,	185 barges,
22 car floats,	4 cattle floats,	1 water boat,
3 work boats,	1 wrecking boat.	

Two ocean-going tugs, two harbor tugs, one steam lighter, twenty-two barges and two car floats were purchased and charged to Expenses and Reserve Funds. One tug and two barges, unfit for further service, were sold. One car float was converted into a cattle float.

Ample expenditures have been made for the maintenance of the equipment and it is in good condition.

THE LEHIGH VALLEY COAL COMPANY

The financial condition of The Lehigh Valley Coal Company is indicated by its General Balance Sheet published herewith (Table No. 17). The following statement shows the funded debt of the Company and the yearly interest charges thereon:—

NAME	PRINCIPAL	DATE OF MATURITY	YEARLY INTEREST		
			Rate	When Due	Amount
The Lehigh Valley Coal Co.:—					
First mortgage bonds, issue of 1892	\$10,114,000	Jan. 1, 1933 . .	5% gold	Jan. and July	\$505,700
First mortgage bonds, issue of 1892.	1,400,000	Jan. 1, 1933 . .	4% gold	“	56,000
Snow Shoe mortgage	359,500	Jan. 1, 1910 . .	5% . .	“	17,975
Delano Land Co.:—					
First mortgage bonds	1,084,000	Jan. 1, 1932 . .	5% gold	“	54,200
Total, June 30, 1907 . . .	\$12,957,500	. . . . .	. . . . .	. . . . .	\$633,875

The total production of anthracite coal from the lands owned and controlled by The Lehigh Valley Coal Company and other companies in which it and the Lehigh Valley Railroad Company are interested, through ownership of stock, was 8,867,254.18 tons for the fiscal year ended June 30, 1907, as against 7,667,665.14 tons for the preceding year, an increase of 1,199,589.04 tons, or 15.64 per cent.

During the year The Lehigh Valley Coal Company and affiliated companies produced and purchased 87.11 per cent. of the anthracite coal transported by the Lehigh Valley Railroad Company.

From the operations of the Snow Shoe property there were mined 187,390.03 tons of bituminous coal, as compared with 210,728.17 tons for the previous twelve months.

The net results for the fiscal year have been seriously affected by many adverse circumstances. At the beginning of the year a cave-in occurred at Warrior Run, resulting in an explosion of gas that fired the mine, making it necessary to flood the entire operation. In October Exeter Breaker was demolished by a tornado. Centralia Breaker was idle for a period of seven months due to the breakage of machinery and the need of extensive repairs that could no longer be deferred without endangering the entire plant. Not only was the tonnage from these operations lost to the Company at a time when most needed and productive of the greatest profit, but the expense of re-opening the Warrior Run mine and repairing the damaged breakers was so heavy, combined with other conditions, as to reduce the earnings to a minimum for several months. The anthracite coal handling plant and storage yard at South Chicago, with a stock of coal exceeding forty thousand tons, was entirely destroyed by fire in November and, although partially covered by insurance, the loss of these facilities was an additional burden upon the

Company. Further, the shortage of cars was so severe during the winter and early spring as to require many of your collieries, spread over the extended region in which the Company's operations are conducted, to close down frequently during that period with less than a day's output, and this, with the inability of connecting roads to promptly move to destination such tonnage as had been sold, resulted not only in an excessive cost of operation, but prevented the sale of coal during a time when it could have been marketed at the greatest profit.

The Warrior Run Colliery and also Exeter and Centralia Breakers, which were rebuilt and enlarged to permit of handling a greater tonnage, are now in full operation. The new Sayre Colliery at Mt. Carmel, referred to in the last annual report, is also in successful operation. The work of rebuilding the coal handling plant and yard at South Chicago, with an increased capacity, on a basis permitting of more economical operation than the old plant, was begun immediately after the fire and the same will be in operation before the winter.

The construction of an additional coal storage building and dock, with a capacity of 75,000 tons, together with necessary machinery for handling anthracite coal, at Milwaukee, has been authorized and the work is under way. New retail coal yards and trestles have been established at 59th Street, Chicago, and Syracuse, and a new trestle is in process of construction at Geneva. The coal handling plant and storage yard at West Superior, and the yards at 31st Street, Chicago, and Walden Avenue, Buffalo, are being enlarged. The total cost of this work to June 30th was \$167,855.20.

In addition to the foregoing, improvements and betterments amounting to \$708,169.09 were made to the various collieries during the year, of which amount \$250,000 has been charged to the special appropriation made by the Board from the income of the previous fiscal year.

With the rebuilding of the operations mentioned, together with the improvements under way, and the property in a better physical condition than formerly, the future is encouraging.

The Advance Royalty Account has been decreased by \$25,918.69.

The sinking funds of the several mortgages have been fully maintained.

FINANCIAL

There were issued during the year, under authority of your Board, \$5,539,000 General Consolidated Mortgage Bonds, bearing interest at the rate of four per cent. per annum, of which \$539,000 were sold for various sinking fund purposes and to provide for the acquirement of additional capital stock of certain subsidiary companies the majority of whose capital stock is owned by your Company. The remaining \$5,000,000 bonds, together with \$2,000,000 previously issued, are in the treasury, making \$7,000,000 of these bonds available for future needs.

The Montrose Railroad Company, successor to the property and franchises of the Montrose Railway Company, as referred to in the last annual report, created during the year a first mortgage securing an issue of \$100,000 four per cent. fifty-year bonds. The same have been issued to your Company and are now in its treasury in exchange for a like amount of bonds, issued by the old company, which were cancelled.

An equipment trust known as Series I, amounting to \$4,000,000, was created under date of August 1, 1906, covering two thousand coal cars of 100,000 pounds capacity each

and two thousand box cars of 80,000 pounds capacity each. The certificates issued under the trust agreement bear interest at the rate of four per cent. per annum and are payable in ten annual installments of \$400,000 each, the last installment being due September 1, 1916. All of the certificates are in your treasury.

The \$300,000 Canastota Northern Railroad Company First Mortgage six per cent. Bonds were paid off at maturity, July 1, 1906, and the mortgage satisfied of record.

The mortgage of The Lehigh & Lake Erie Railroad Company, which provided for the issue of \$3,000,000 four per cent. First Mortgage Bonds to cover the cost of constructing that road, together with the bonds issued thereunder, was cancelled and a new mortgage, dated March 1, 1907, securing a similar amount of bonds, maturing in fifty years and bearing interest at the rate of four and one-half per cent. per annum, was executed. \$2,000,000 of these bonds were received and sold by your Company, the proceeds being applied in partial settlement of the advances made to date for construction, leaving a balance of \$353,574.96 not reimbursed at the close of the year. This amount and the further advances necessary to complete the road will be reimbursed by the remaining \$1,000,000 bonds.

Under date of June 27, 1907, The Lehigh & Lake Erie Railroad Company was consolidated with The Lehigh Valley Rail Way Company, your New York State railroad. The authorized capital stock of the latter company was increased by \$2,343,000, of which \$343,000 was issued to your Company, \$25,000 to absorb the stock of the former and \$318,000 in reimbursement of the amount advanced, with interest thereon, to The Lehigh Valley Rail Way Company to retire the Canastota Northern Railroad Company First Mortgage six per cent. Bonds, an obligation of the Rail Way Company, that matured July 1, 1906, as previously mentioned. The stock so received was pledged with the Trustee of the General Consolidated Mortgage, as provided therein. The remaining \$2,000,000 stock will be issued to the Lehigh Valley Railroad Company as future advances are made for improvements and betterments to the property of The Lehigh Valley Rail Way Company.

To reimburse your Company for advances made for the construction and enlargement of their plants the Hazleton Water Company and the Locust Mountain Water Company, the entire capital stock of which companies is owned by the Lehigh Valley Railroad Company, have issued, in the case of the former, \$50,000 additional capital stock and \$300,000 First Mortgage fifty-year five per cent. Bonds and, in the case of the latter, \$75,000 additional capital stock and \$125,000 First Mortgage fifty-year five per cent. Bonds. All of these securities have been received by your Company and are in the treasury, with the exception of \$50,000 Hazleton Water Company Bonds held in reserve by that Company for future use.

The construction account of the Bay Shore Connecting Railroad Company has been closed and capital stock of the company received by the Central Railroad Company of New Jersey and your Company in settlement of advances made, as referred to in the previous annual report.

There were sold for sinking fund purposes \$44,000 bonds of the Mutual Terminal Company of Buffalo.

Payments amounting to \$1,002,000 were made on account of matured principal of Equipment Trusts Series B, C, D, E, F, G and H and the Maritime Mortgage of the Lehigh Valley Transportation Company. Car Trust Series B and the Maritime Mortgage,

both of which matured during the year, were paid off and satisfied of record. The title to the equipment pledged under the former, consisting of one thousand 60,000-pounds capacity coal, fifty stock and six combination cars, was vested in the Lehigh Valley Railroad Company, and the title to the floating equipment pledged under the latter mortgage, being the two lake steamers, "Wilkes-Barre" and "Mauch Chunk", and thirty-two barges, was vested in the Lehigh Valley Transportation Company, the entire capital stock of which is owned by your Company. At the close of the year the total outstanding equipment trust obligations of the Company in the hands of the public were \$2,024,000. Equipment Trust Certificates Series H and I, amounting to a total of \$4,540,000, are in your treasury and may be sold as occasion arises.

A suit was brought in the year 1904 by the holders of the preferred capital stock of the Company to secure the payment of dividends from the year 1893 to 1904 inclusive, which such holders claimed were cumulative. The Supreme Court of Pennsylvania sustained their contention and the dividends with interest, amounting to the sum of \$116,673.96, were paid.

Your Board, on December 19, 1906, declared a semi-annual dividend of five per cent. on the preferred capital stock and a semi-annual dividend of two per cent., with an extra dividend of one per cent., on the common capital stock of the Company payable January 12, 1907. Similar dividends were declared on June 19, 1907, payable July 13, 1907.

The increase of \$5,955,552.55 in Capital Account represents the purchase of new equipment during the year, as previously mentioned.

Current Assets are \$8,413,967.54 in excess of Current Liabilities.

The value of material and supplies on hand at the close of the fiscal year amounted to \$2,099,145.22, an increase of \$283,218.32, which is due to the greater cost as well as the additional quantity required for the increased equipment and business of the Company.

The increase in Securities Owned is explained by the additional securities issued to your Company for advances made to various subsidiary companies, and by the purchase of outstanding stock of companies the majority of whose capital stock is owned by the Lehigh Valley Railroad Company.

Bills Receivable Account has been increased by \$182,500 notes of the Buffalo, Thousand Islands & Portland Railroad Company, a road projected by the New York Central and Hudson River Railroad Company and this Company to give additional connection with the Niagara Frontier, for sums advanced from time to time for surveys and right-of-way of that line, a portion of which has heretofore been carried in the account Advances to Other Companies.

The amount of capital stock issued remains unchanged.

The Company's cash on hand shows a decrease as compared with the previous year, which is due principally to the large purchases of equipment that were paid for out of current cash.

The accounts of the Company for the fiscal year, in accordance with the usual practice, have been examined by certified public accountants and the result of such examination is set forth in the accountants' certificate published herewith.

The General Balance Sheet and various statements appended show the financial condition of the Company at the end of the fiscal year.

GENERAL REMARKS

The general improvement of your property has continued throughout the year and it has been fully maintained.

Included in the Company's equipment are many small wooden coal and box cars, ranging from twenty to thirty tons capacity, that are expensive to maintain by reason of their age as well as productive of but little revenue owing to their limited capacity. While these cars have been fully maintained and would, under previous conditions, be serviceable for additional use, yet placed as they necessarily are at various times between the modern heavy steel cars of this Company or foreign roads, they are being constantly damaged and are a frequent cause of wreck and disaster. Considering this and the fact that the Company's equipment has been more than maintained upon a tonnage basis and exceeds in value the total amount of the Equipment Account, your Board, looking to the safe as well as economic operation of the property, authorized a special appropriation of \$1,250,000 out of the net results of the fiscal year and the condemnation of such of this equipment as the appropriation will provide for. The same has been placed in a special reserve and will be credited to Capital Account as the cars are taken out of service.

Contracts have been placed for the purchase and delivery during the early part of the next fiscal year of five thousand 80,000 and 100,000-pounds capacity box and coal cars, the tonnage of which will more than exceed the tonnage of the equipment to be condemned.

Substantial progress has been made in the construction of the terminal railroad at Buffalo, referred to in the previous annual report as The Lehigh & Lake Erie Railroad, and it is expected that the line will be laid throughout with double track and be in operation by September 30. In connection with this improvement, and in order to properly handle the lake and interchange traffic, an expenditure of \$250,000 has been authorized for additional yard and terminal facilities at Tift Farm, which work is now under way.

The new double track 1800-ft. steel girder bridge over the Susquehanna River, including the reduction of grades and change of alignment from Wysox to west of Towanda, has been completed and placed in service at a total cost of \$810,818. The credit balance remaining in the special reserve fund charged with the cost of this and other similar work has been credited to General Reserve Fund.

The construction of third and fourth tracks from East Penn Junction to a point west of Freemansburg, a distance of 6.5 miles, is completed and a further extension of these tracks to east of Redington, a distance of 4.2 miles, has been authorized and is now in progress. This work, when completed, will give a continuous four-track line from Gap Junction to east of Redington, a distance of 12.7 miles, and will greatly facilitate the movement of traffic. The expenditure to date for this improvement amounts to \$300,018.

The extension of the fourth track from Mauch Chunk to Glen Onoko, mentioned in the last annual report, was completed during the year to Coalport Bridge, a distance of 1.25 miles.

The third and fourth tracks at Bridge 28 were extended to New Market, a distance of 1.2 miles.

To relieve Coxton Yard and to eliminate main track shifting, the third and fourth tracks were extended from Falling Spring to Weldon, a distance of 1.73 miles, at a cost of \$21,842.

Double track was extended from Morris Ridge to Mt. Carmel, a distance of 1.5 miles, making a continuous double track line from Hazleton to Mt. Carmel Yard.

The change in alinement on the Ithaca Branch between Ithaca and Willow Creek, a distance of five miles, has been completed, reducing the maximum curvature on that section of the line from 6 degrees to 1 degree and 30 minutes.

The car repair yard at Packerton has been remodeled and enlarged to accommodate 250 additional cars.

In order to overcome the present delay to traffic at the Jersey City Terminal and provide for increased business, the sum of \$350,000 was authorized for the construction of three new transfer bridges and a freight yard of one thousand cars capacity at the National Docks, Communipaw. This work is now in progress and when completed will relieve the congestion at Jersey City and reduce the cost of operation. The plan under which the improvement is being made will permit of economical enlargements from time to time as necessity may require. Further relief at that point will also be afforded when two of the present float bridges are replaced with new bridges, made necessary by the use of heavier equipment of larger capacity, and Oak Island Yard has been enlarged by the construction of thirteen additional tracks. The aggregate cost of this work, which is now well under way, is \$140,000.

New double track gravity ash pits of concrete construction, with depressed track for cinder cars, were constructed at Coxton, the expense being \$24,049. A combination coal and ash handling plant was installed at Hazleton at a cost of \$16,496.

To increase the safety of train movements over the single track between Laurel Junction and Silver Brook Junction, a distance of 6.2 miles, a staff signal system was installed at a cost of \$9,854.

Automatic signals were installed throughout Ithaca Yard and between Jersey City and Park View.

New stone and brick passenger stations were constructed at Catasauqua and Towanda, and a new frame station at Mt. Carmel, the latter replacing one destroyed by fire. A new freight house was constructed at Canastota, and a new brick freight house and transfer shed are in course of construction at Sayre.

A transfer station was established at Depew Junction, for handling passenger business via Suspension Bridge, at a cost of \$12,546.

The locomotive coaling trestle at East Buffalo, which was partially destroyed by fire in January, 1906, was rebuilt during the year at an expense of \$27,325.

Extensive renewals were made to Pier 3, New York, and Wharf No. 2 at Perth Amboy, aggregating a cost of \$37,114.

A water tank of 100,000 gallons capacity, together with the necessary piping and pumps, was installed at Coxton, and a 34,000-gallon capacity tank at National Docks. Two ten-inch standpipes were installed at Manchester and one ten-inch standpipe at National Stores.

During the year 71 new industries were located on your Company's line, track connections being made with 28 of these plants.

65.17 per cent. of the total operating expenses of the Railroad Company, or \$14,412,015.11, was paid direct to labor, being distributed among 23,005 employes.

The principal purchases of real estate have been at Bayonne, Lehighton, Wilkes-Barre and Buffalo, where additional land was required for the extension or enlargement of present facilities.

The Board takes pleasure in hereby tendering its thanks to the officers and employes of the Company for the efficient and loyal services rendered by them during the year.

By order of the Board of Directors,

E. B. THOMAS,

President.

HASKINS & SELLS

CERTIFIED PUBLIC ACCOUNTANTS

30 BROAD STREET

NEW YORK

LONDON, E. C.

30 COLEMAN STREET

CABLE ADDRESS "HASKSELLS"

CHICAGO

204 DEARBORN STREET

ST. LOUIS

LINCOLN TRUST BUILDING

CLEVELAND

WILLIAMSON BUILDING

PITTSBURG

FARMERS BANK BUILDING

NEW YORK, August 14, 1907.

Mr. E. B. Thomas, President,

Lehigh Valley Railroad Company,

NEW YORK, N. Y.

DEAR SIR:

We have audited the books and accounts of the Lehigh Valley Railroad Company and The Lehigh Valley Coal Company for the fiscal year ended June 30, 1907, and have verified all cash and security balances by actual count or by comparison with receipts or certificates of depositaries; and

WE HEREBY CERTIFY that the accompanying General Balance Sheets correctly represent the financial condition of the respective companies on June 30, 1907, and that the statements of Income and Profit and Loss for the fiscal year ended on that date are correct.

(Signed) HASKINS & SELLS,
Certified Public Accountants

APPENDIX

TABLES

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STATEMENT OF MILEAGE OF TRACK OPERATED

TABLE 1

OWNED BY LEHIGH VALLEY RAILROAD OR CONTROLLED BY OWNERSHIP OF ENTIRE CAPITAL STOCK	FIRST TRACK MILES	SECOND TRACK MILES	THIRD TRACK MILES	FOURTH TRACK MILES	YARD TRACKS AND SIDINGS MILES	TOTAL TRACKS MILES
LEHIGH VALLEY RAILROAD OF NEW JERSEY:						
Main Line—Jersey City, N. J., to Phillipsburg, N. J.	75.07	75.07	25.15	3.75	111.73	290.77
Branches	47.27	18.68			117.87	183.82
LEHIGH VALLEY RAILROAD:						
Main Line—Phillipsburg, N. J., to Wilkes-Barre, Pa.	99.23	88.12	29.30	14.99	153.33	384.97
Branches	28.21	.02			18.89	47.12
Easton and Northern Branch—Easton, Pa., to Belfast, Pa., and Bushkill Station to Thirteenth Street Junction	12.78				4.10	16.88
Mahanoy and Hazleton Division:						
Main Line and Branches	136.37	68.14			113.92	318.43
Minor Branches to Breakers, &c.	69.92	1.02			36.82	107.76
Mountain Cut-Off—Gracedale, Pa., to Avoca, Pa.	18.61	18.10			4.85	41.56
Bowman's Creek Branch—Port Bowkley, Pa., to Bernice, Pa., and Branches	50.29				9.37	59.66
Pennsylvania and New York Railroad:						
Main Line—Wilkes-Barre, Pa., to Pennsylvania State Line	96.59	96.59	1.73	1.73	157.67	354.31
Branches	42.98	1.57			37.30	81.85
Montrose Railroad—Tunkhannock, Pa., to Montrose, Pa.	27.35				3.20	30.55
LEHIGH VALLEY RAIL WAY:						
Main Line—Pennsylvania State Line to Buffalo, N. Y.	175.16	175.16			169.90	520.22
Waverly Branch—Pennsylvania State Line to Waverly, N. Y. . . . .	.41				1.42	1.83
Ithaca Branch—Van Etten Junction, N. Y., to Geneva Junction, N. Y.	59.49	.29			17.73	77.51
Auburn and Ithaca Branch—Ithaca, N. Y., to Auburn, N. Y.	42.46				9.40	51.86
Cayuga Branch—Cayuga Junction, N. Y., to Cayuga, N. Y.	3.92				1.13	5.05
Rochester Branch—Rochester, N. Y., to Hemlock Lake, N. Y.	29.07				10.92	39.99
Niagara Falls Branch—Depew Junction, N. Y., to Tonawanda Junction, N. Y.	10.56	10.39			1.95	22.90
Naples Branch—Geneva, N. Y., to Naples, N. Y.	29.42				3.94	33.36
Seneca Falls Branch—Geneva Junction, N. Y., to Seneca Falls, N. Y.	8.20				1.96	10.16
Elmira and Cortland Branch—Elmira, N. Y., to Camden, N. Y.	139.14				33.28	172.42
Lehigh and Lake Erie Branch—Tift Farm, Buffalo, N. Y., to West Seneca, N. Y.	2.98	2.30			.99	6.27
Total	1,205.48	555.45	56.18	20.47	1,021.67	2,859.25

STATEMENT OF MILEAGE OF TRACK OPERATED—Continued

CONTROLLED BY OWNERSHIP OF MAJORITY OF CAPITAL STOCK	FIRST TRACK MILES	SECOND TRACK MILES	THIRD TRACK MILES	FOURTH TRACK MILES	YARD TRACKS AND SIDINGS MILES	TOTAL TRACKS MILES
Schuylkill and Lehigh Valley Railroad—Lizard Creek Junction, Pa., to Blackwood, Pa.	42.02	. . . . .	. . . . .	. . . . .	9.88	51.90
Lehigh and New York Railroad—Pennsylvania State Line to North Fair Haven, N. Y.	115.37	. . . . .	. . . . .	. . . . .	31.50	146.87
Total	157.39	. . . . .	. . . . .	. . . . .	41.38	198.77
CONTROLLED BY LEASES	FIRST TRACK MILES	SECOND TRACK MILES	THIRD TRACK MILES	FOURTH TRACK MILES	YARD TRACKS AND SIDINGS MILES	TOTAL TRACKS MILES
State Line and Sullivan Railroad—Monroeton, Pa., to Bernice, Pa.	24.06	. . . . .	. . . . .	. . . . .	3.94	28.00
Hayt's Corners, Ovid and Willard Railroad—Hayt's Corners, N. Y., to Willard, N. Y.	3.82	. . . . .	. . . . .	. . . . .	.30	4.12
Total	27.88	. . . . .	. . . . .	. . . . .	4.24	32.12
TRackage RIGHTS	FIRST TRACK MILES	SECOND TRACK MILES	THIRD TRACK MILES	FOURTH TRACK MILES	YARD TRACKS AND SIDINGS MILES	TOTAL TRACKS MILES
Pennsylvania Railroad—West Newark Junction, N. J., to Jersey City, N. J.	9.40	9.40	. . . . .	. . . . .	. . . . .	18.80
Pennsylvania Railroad—Schuylkill Haven Junction, Pa., to Pottsville, Pa.	4.20	. . . . .	. . . . .	. . . . .	. . . . .	4.20
Pennsylvania Railroad—New Boston Junction, Pa., to Pottsville, Pa.	10.90	. . . . .	. . . . .	. . . . .	. . . . .	10.90
Central Railroad of New Jersey—Sandy Run Junction, Pa., to Crellin Junction, Pa.	5.91	. . . . .	. . . . .	. . . . .	. . . . .	5.91
Susquehanna and New York Railroad—Barclay Junc- tion, Pa., to Monroeton, Pa.	4.00	. . . . .	. . . . .	. . . . .	. . . . .	4.00
New York Central and Hudson River Railroad—Tona- wanda Junction, N. Y., to Suspension Bridge, N. Y.	14.96	14.29	. . . . .	. . . . .	. . . . .	29.25
New York, Ontario and Western Railroad—Sylvan Junction, N. Y. . . . .	.10	. . . . .	. . . . .	. . . . .	. . . . .	.10
Total	49.47	23.69	. . . . .	. . . . .	. . . . .	73.16

STATEMENT OF MILEAGE OF TRACK OPERATED—Continued

RECAPITULATION	FIRST TRACK MILES	SECOND TRACK MILES	THIRD TRACK MILES	FOURTH TRACK MILES	YARD TRACKS AND SIDINGS MILES	TOTAL TRACKS MILES
Owned or controlled by ownership of entire stock	1,205.48	555.45	56.18	20.47	1,021.67	2,859.25
Controlled by ownership of majority of stock	157.39	. . . . .	. . . . .	. . . . .	41.38	198.77
Controlled by leases	27.88	. . . . .	. . . . .	. . . . .	4.24	32.12
Trackage rights	49.47	23.69	. . . . .	. . . . .	. . . . .	73.16
Total	1,440.22	579.14	56.18	20.47	1,067.29	3,163.30
MILEAGE BY STATES	FIRST TRACK MILES	SECOND TRACK MILES	THIRD TRACK MILES	FOURTH TRACK MILES	YARD TRACKS AND SIDINGS MILES	TOTAL TRACKS MILES
Pennsylvania	673.42	273.56	31.03	16.72	553.27	1,548.00
New York	635.06	202.43	. . . . .	. . . . .	286.45	1,123.94
New Jersey	131.74	103.15	25.15	3.75	227.57	491.36
Total	1,440.22	579.14	56.18	20.47	1,067.29	3,163.30

COMPARATIVE INCOME ACCOUNT FOR THE YEARS ENDED JUNE 30,
1907 AND 1906

TABLE 2

LEHIGH VALLEY RAILROAD COMPANY	1907	1906	INCREASE	DECREASE
GROSS EARNINGS :—				
Coal freight earnings	\$15,110,899 38	\$13,248,565 42	\$1,862,333 96	
Other freight earnings	14,996,672 62	13,934,127 10	1,062,545 52	
Passenger earnings	4,363,452 12	3,971,392 05	392,060 07	
Express earnings	373,953 30	367,706 36	6,246 94	
Mail earnings	217,792 69	217,745 88	46 81	
Miscellaneous earnings	1,005,661 40	1,050,319 82		\$44,658 42
Total gross earnings	\$36,068,431 51	\$32,789,856 63	\$3,278,574 88	
OPERATING EXPENSES :—				
Maintenance of way and structures . .	\$3,196,854 34	\$3,153,245 22	\$43,609 12	
Maintenance of equipment	6,186,641 83	5,485,794 06	700,847 77	
Conducting transportation	12,100,681 44	10,891,953 73	1,208,727 71	
General expenses	630,075 28	621,217 71	8,857 57	
Total operating expenses	\$22,114,252 89	\$20,152,210 72	\$1,962,042 17	
Percentage, operating expenses to gross earnings	61.31 per cent.	61.46 per cent.		.15 per cent.
NET EARNINGS	\$13,954,178 62	\$12,637,645 91	\$1,316,532 71	
OTHER INCOME :—				
Dividends on stocks	64,896 50	76,994 50		\$12,098 00
Interest on bonds	12,810 00	24,570 34		11,760 34
Interest on real estate mortgages . . .	18,113 46	20,616 53		2,503 07
Miscellaneous interest	254,493 33	284,545 71		30,052 38
Net earnings from miscellaneous operations	594,824 70	402,124 69	192,700 01	
Total other income	\$945,137 99	\$808,851 77	\$136,286 22	
TOTAL INCOME	\$14,899,316 61	\$13,446,497 68	\$1,452,818 93	
DEDUCTIONS FROM INCOME :—				
Additions and improvements to property.	2,068,589 91	1,570,227 19	498,362 72	
Interest on funded debt	3,546,333 22	3,215,022 22	331,311 00	
Interest on equipment trust obligations .	119,170 00	163,147 49		\$43,977 49
Rentals of leased lines and guaranties .	2,200,473 00	2,295,723 00		95,250 00
Taxes	885,908 95	707,039 90	178,869 05	
Miscellaneous deductions	53,888 20	43,754 36	10,133 84	
Total deductions from income	\$8,874,363 28	\$7,994,914 16	\$879,449 12	
NET INCOME	\$6,024,953 33	\$5,451,583 52	\$573,369 81	
LEHIGH VALLEY COAL COMPANY				
NET INCOME	111,250 45	318,489 19		\$207,238 74
TOTAL NET INCOME	\$6,136,203 78	\$5,770,072 71	\$366,131 07	

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 1907

TABLE 3

LEHIGH VALLEY RAILROAD COMPANY

	DR.	CR.
Balance surplus, July 1, 1906		\$11,380,915 31
Discount on General Consolidated Mortgage bonds sold	\$5,200 00	
Dividends of five per cent. on preferred stock paid July 14, 1906, and January 12, 1907, respectively	10,630 00	
Cumulative dividend paid on preferred stock	116,673 96	
Dividend of two per cent. on common stock paid July 14, 1906, and dividend of two per cent. and extra dividend of one per cent. paid January 12, 1907	2,016,740 00	
Amount transferred to Special Reserve for Equipment to be Con- demned	1,250,000 00	
Miscellaneous adjustments		2,658 58
Net income for the year ended June 30, 1907, Table No. 2		6,024,953 33
Balance surplus, June 30, 1907	14,009,283 26	
	<u>\$17,408,527 22</u>	<u>\$17,408,527 22</u>
Balance carried forward, July 1, 1907		\$14,009,283 26

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 1907

THE LEHIGH VALLEY COAL COMPANY

	DR.	CR.
Balance surplus, July 1, 1906		\$1,974,452 52
Appropriated for Improvements	\$250,000 00	
Miscellaneous adjustments	47,838 65	
Net income for year ended June 30, 1907, Table No. 2		111,250 45
Balance surplus, June 30, 1907	1,787,864 32	
	<u>\$2,085,702 97</u>	<u>\$2,085,702 97</u>
Balance carried forward, July 1, 1907		\$1,787,864 32

TABLE 4
Dr.

CONDENSED BALANCE

LEHIGH VALLEY

ASSETS		
RAILROAD:—		
Cost of road		\$18,639,291 95
EQUIPMENT		35,726,422 18
GENERAL CONSOLIDATED MORTGAGE BONDS OF THE COMPANY HELD IN ITS TREASURY		7,000,000 00
EQUIPMENT TRUST CERTIFICATES OF THE COMPANY HELD IN ITS TREASURY		4,540,000 00
TREASURY STOCK		250 00
GENERAL CONSOLIDATED MORTGAGE BONDS OF THE COMPANY IN HANDS OF TRUSTEE OF WARRIOUR RUN STOCK PURCHASE BONDS		100,000 00
REAL ESTATE		2,149,523 02
CONSTRUCTION CONTRACT, LEHIGH AND LAKE ERIE RAILROAD		353,574 96
MORTGAGES RECEIVABLE		350,200 00
SECURITIES OWNED:—		
Stocks of railroad and water lines included in Lehigh Valley system	\$29,166,659 11	
Stocks of allied coal companies	19,674,682 71	
Stocks of other companies	5,693,050 00	
Bonds of railroad and water lines included in Lehigh Valley system	4,372,926 00	
Bonds of other companies	3,305,907 87	
Certificates of Indebtedness, Lehigh Valley Coal Company	10,537,000 00	
ADVANCED INSURANCE PREMIUMS		72,750,225 69
		119,687 18
CURRENT ASSETS:—		
Cash on deposit and in hands of Treasurer	\$6,612,849 07	
Cash in hands of officers and agents	25,839 53	
Cash in transit	688,171 84	
Due by station agents	1,033,864 20	
Due by individuals and companies	2,493,518 74	
Traffic balances due by other companies	426,420 88	
Bills receivable	306,250 85	
Advances to other companies	170,991 49	
Material and supplies on hand	2,099,145 22	
DEFERRED AND SUSPENDED ASSETS:—		13,857,051 82
Sundry accounts		291,972 42
TOTAL ASSETS		\$155,878,199 22

SHEET, JUNE 30, 1907

RAILROAD COMPANY

Cr.

LIABILITIES

CAPITAL STOCK:—		
806,696 shares common stock, par \$50	\$40,334,800 00	
2,126 shares preferred stock, par \$50	106,300 00	
		\$40,441,100 00
FUNDED DEBT		82,639,000 00
EQUIPMENT TRUST OBLIGATIONS		6,564,000 00
RESERVES:—		
Reserve for depreciation of Coxe mines and properties	\$2,209,360 06	
Special reserve for equipment to be condemned.	1,250,000 00	
Equipment and general reserve funds	1,091,489 48	
		4,550,849 54
MORTGAGES ON REAL ESTATE		196,880 55
INTEREST AND RENTALS ACCRUED, NOT DUE:—		
Interest on funded debt	\$730,135 00	
Interest on equipment trusts	26,775 00	
Accrued rentals, leased lines	406,985 82	
		1,163,895 82
CURRENT LIABILITIES:—		
Dividends unpaid	\$1,331 00	
Interest on bonds due and unclaimed	60,340 50	
Rentals of leased lines due	337,500 00	
June pay roll, since paid	1,195,893 59	
Audited vouchers, including June bills, since paid	2,350,137 63	
Due to individuals and companies	127,562 88	
Traffic balances due to other companies.	1,077,954 56	
Unclaimed wages	11,540 31	
Taxes accrued	257,273 77	
Lehigh Valley relief fund	23,550 04	
		5,443,084 28
DEFERRED AND SUSPENDED LIABILITIES:—		
Taxes accrued, not due.	\$298,211 17	
Sundry accounts	571,894 60	
		870,105 77
PROFIT AND LOSS		14,009,283 26
TOTAL LIABILITIES		\$155,878,199 22

NOTE.—The dividends declared prior to the close of the fiscal year, and payable July 13, 1907, amounting to \$1,215,359, are not included as a liability in the above statement.

STATEMENT OF FUNDED DEBT, YEARLY INTEREST, GUARANTIES, AND RENTALS
OF LEASED LINES

TABLE 5

	PRINCIPAL	DATE OF MATURITY	ACCRUED INTEREST		
			Rate	Due	Amount
Lehigh Valley R. R. Co.:—					
* First mortgage bonds	\$5,000,000	June 1, 1948 . .	4% gold	June and Dec.	\$200,000 00
Second mortgage bonds	6,000,000	Sept. 1, 1910 . .	7% . . .	Mar. and Sept.	420,000 00
Consolidated mortgage bonds:—					
Coupon \$1,319,000		Dec. 1, 1923 . .	6% . . .	June and Dec.	
Registered 4,319,000		“	6% . . .	“	
Annuity 10,062,000		Perpetual	6% . . .	“	
	15,700,000				942,000 00
Coupon \$1,669,000		Dec. 1, 1923 . .	4½% . .	“	
Registered 3,093,000		“	4½% . .	“	
Annuity 2,538,000		Perpetual	4½% . .	“	
	7,300,000				328,500 00
General consolidated mortgage bonds . .	29,639,000	May 1, 2003 . .	4% gold	May and Nov.	1,111,706 67
Collateral trust bonds	19,000,000	{ \$500,000 semi- annually, Aug. 1, 1907, to Feb. 1, 1926. }	4% gold	Feb. and Aug.	760,000 00
		Total			\$3,762,206 67
		Deduct interest on bonds accrued to date of sale, paid by purchasers, and on general con- solidated mortgage bonds held in treasury . .			215,873 45
Total	\$82,639,000				\$3,546,333 22
Lehigh Valley Terminal Ry. Co.:—					
First mortgage bonds	\$10,000,000	October 1, 1941 .	5% gold .	April and Oct.	\$500,000 00
Easton and Amboy R. R. Co.:—					
First mortgage bonds	6,000,000	May 1, 1920 . .	5% . . .	May and Nov.	300,000 00
Morris Canal and Banking Co.:—					
Preferred stock \$903,600			10% . . .		90,360 00
Consolidated stock 706,700			4% . . .		28,268 00
	1,610,300				
Easton and Northern R. R. Co.:—					
First mortgage bonds	51,000	Nov. 1, 1935 . .	4½% gold	May and Nov.	2,295 00
Penna. and New York Canal and R. R. Co.:—					
Consolidated mortgage bonds . \$4,000,000		April 1, 1939 . .	5% . . .	April and Oct.	200,000 00
Consolidated mortgage bonds . 1,500,000		“	4½% . .	“	67,500 00
Consolidated mortgage bonds . 3,000,000		“	4% . . .	“	120,000 00
	8,500,000				
The Lehigh Valley Rail Way Co.:—					
First mortgage bonds	15,000,000	July 1, 1940 . .	4½% gold	Jan. and July	675,000 00
Lehigh and New York R. R. Co.:—					
First mortgage bonds	2,000,000	Sept. 1, 1945 . .	4% gold .	March and Sept.	80,000 00
The Elmira, Cortland and Northern R. R. Co.:—					
First preferred mortgage bonds, \$750,000		April 1, 1914 . .	6% gold .	April and Oct.	45,000 00
First mortgage bonds 1,250,000		“	5% gold .	“	62,500 00
	2,000,000				
The Lehigh and Lake Erie R. R. Co.:—					
First mortgage bonds	2,000,000	March 1, 1957 . .	4½% gold	March and Sept.	30,000 00
Middlesex Valley R. R. Co.:—					
First mortgage bonds	211,000	Nov. 1, 1942 . .	5% gold .	May and Nov.	10,550 00
		Total			\$2,211,473 00
		Deduct interest on bonds accrued to date of sale, paid by purchasers			11,000 00
Total	\$47,372,300				\$2,200,473 00
Grand total, June 30, 1907	\$130,011,300				\$5,746,806 22

STATEMENT OF EQUIPMENT TRUST OBLIGATIONS

LEHIGH VALLEY RAILROAD CO.	PRINCIPAL	DATE OF MATURITY	INTEREST	
			Rate	Due
Outstanding :—				
Equipment Trust, Series C, certificates.	\$400,000	{ \$200,000 annually to June 1, 1909 }	4 1/2 % gold	June and Dec.
Equipment Trust, Series D, certificates.	900,000	{ \$300,000 annually to March 1, 1910 }	4 1/2 % gold	Mar. and Sept.
Equipment Trust, Series E, certificates.	164,000	{ \$82,000 annually to February 1, 1909 }	4 1/2 % gold	Feb. and Aug.
Equipment Trust, Series F, certificates.	160,000	{ \$80,000 annually to May 1, 1909 }	4 1/2 % gold	May and Nov.
Equipment Trust, Series G, certificates.	400,000	{ \$100,000 annually to August 1, 1910 }	4 1/2 % gold	Feb. and Aug.
Total	\$2,024,000			
In the Treasury :—				
Equipment Trust, Series H, certificates	540,000	{ \$90,000 annually to February 1, 1913 }	4 % gold	Feb. and Aug.
Equipment Trust, Series I, certificates	4,000,000	{ \$400,000 annually to Sept. 1, 1916. }	4 % gold	Mar. and Sept.
Total, June 30, 1907	\$6,564,000			

TABLE 6

STATEMENT OF SECURITIES OWNED

	BONDS	EACH	PAR VALUE	TOTAL
BONDS				
Consolidated Real Estate Co.	2,600	\$1,000	\$2,600,000 00	
Easton and Northern Railroad Co.	162	1,000	162,000 00	
Easton and Northern Railroad Co.	174	500	87,000 00	
Greenville and Hudson Railway Co.	7	50,000	350,000 00	
Hazleton Water Co.,	50	5,000	250,000 00	
Irvington Railroad Co.	25	5,000	125,000 00	
Locust Mountain Water Co.	25	5,000	125,000 00	
Morris Canal and Banking Co.	50	10,000	500,000 00	
Rochester Southern Railroad Co.	425	1,000	425,000 00	
Schuylkill and Lehigh Valley Railroad Co.	2,000	1,000	2,000,000 00	
Glen Summit Hotel and Land Co.	158	500	79,000 00	
Mansion House Hotel Co.	14	500	7,000 00	
Middlesex Valley Railroad Co.	389	1,000	389,000 00	
Montrose Railroad Co.	100	1,000	100,000 00	
Mutual Terminal Co. of Buffalo	295	1,000	295,000 00	
Paxinosa Inn Co.	2	500	1,000 00	
Seneca County Railway Co.	500	1,000	500,000 00	
				\$7,995,000 00
CERTIFICATES OF INDEBTEDNESS				
*Lehigh Valley Coal Co.			\$10,537,000 00	10,537,000 00
STOCKS				
	SHARES			
*Easton and Northern Railroad Co.	11,300	\$50	\$565,000 00	
*Lehigh and New York Railroad Co., preferred	22,130 ³⁴ / ₁₀₀	100	2,213,034 00	
*Lehigh Valley Coal Co.	32,300	50	1,615,000 00	
*Lehigh Valley Rail Way Co.	115,430	100	11,543,000 00	
†*Lehigh Valley Railroad Co. of New Jersey	204,330	100	20,433,000 00	
*Lehigh Valley Transportation Co.	15,100	100	1,510,000 00	
*Loyalsock Railroad Co.	16,500	50	825,000 00	
*National Storage Co.	24,000	100	2,400,000 00	
*New York and Middle Coal Field R. R. and Coal Co.	47,782	25	1,194,550 00	
*Pennsylvania and New York Canal and R. R. Co.	30,231	50	1,511,550 00	
*Schuylkill and Lehigh Valley Railroad Co.	39,995	50	1,999,750 00	
‡Coxe Bros. and Co., Inc.	58,203	50	2,910,150 00	
‡Delaware, Susquehanna and Schuylkill R. R. Co.	30,000	50	1,500,000 00	
Bay Shore Connecting Railroad Co.	200	\$86.94 ²⁶⁵ / _{pd.}	17,388 53	
Beaver Meadow Water Co.	200	50	10,000 00	
Blackwood Water Co.	1,000	\$5 paid	5,000 00	
Buffalo, Thousand Islands and Portland R. R. Co.	2,500	100	250,000 00	
Buffalo Creek Railroad Co.	1,250	100	125,000 00	
Centralia Water Co.	560	25	14,000 00	
Citizens Water Co. of Tremont	10	50	500 00	
Consolidated Real Estate Co.	100	50	5,000 00	
Amount carried forward			\$50,646,922 53	\$18,532,000 00

* Covered by General Consolidated Mortgage.

† Covered by Collateral Trust Agreement.

‡ Lehigh Valley R. R. Co. of New Jersey owns 79,270 shares.

STATEMENT OF SECURITIES OWNED—Continued

	SHARES	EACH	PAR VALUE	TOTAL
STOCKS—Continued.				
Amount brought forward			\$50,646,922 53	\$18,532,000 00
Delano Water Co.	200	\$5 paid	1,000 00	
Drifton Water Co.	600	50	30,000 00	
Elmira Transfer Railway Co.	100	100	10,000 00	
Glen Summit Hotel and Land Co.	350	100	35,000 00	
Hazle Water Co.	100	\$5 paid	500 00	
Hazleton Water Co.	6,000	50	300,000 00	
Highland Coal Co.	2,400	50	120,000 00	
Jersey City Belt Line Railway Co.	600	\$94 ² / ₃ paid	56,800 00	
Lehigh and Hudson River Railway Co.	1,631	100	163,100 00	
Locust Mountain Coal and Iron Co.	6,455	50	322,750 00	
Locust Mountain Water Co.	2,500	50	125,000 00	
Mansion House Hotel Co.	200	50	10,000 00	
Montrose Railroad Co.	2,000	50	100,000 00	
Morris Canal and Banking Co., consolidated	3,183	100	318,300 00	
Morris Canal and Banking Co., preferred	2,714	100	271,400 00	
Morris Canal and Banking Co., scrip			56,597 50	
Mutual Terminal Co. of Buffalo	150	100	15,000 00	
Newark Bay Railway Co.	500	\$26 paid	13,000 00	
Oneida Water Co.	200	50	10,000 00	
Packer Coal Co.	76	50	3,800 00	
Penn Haven Junction and Glen Onoko R. R. Co.	1,200	\$5 paid	6,000 00	
Philadelphia Bourse, common	30	50	1,500 00	
Philadelphia Bourse, preferred	23	25	575 00	
Philadelphia Harbor Transfer			20,000 00	
Pioneer Real Estate Co.	25	100	2,500 00	
Temple Iron Co.	5,709	100	570,900 00	
Tomhicken Water Co.	200	50	10,000 00	
United Real Estate Co.	10	100	1,000 00	
Weatherly Water Co.	600	10	6,000 00	
Wright Township Water Co.	100	\$5 paid	500 00	
Wyoming Valley Coal Co.	10,774	100	1,077,400 00	
Total par value				54,305,545 03
				\$72,837,545 03

SUMMARY		
Value of bonds as per books	\$7,678,833 87	
Value of certificates of indebtedness as per books	10,537,000 00	
Value of stocks as per books	62,461,391 82	
Total	\$80,677,225 69	
Total par value	\$72,837,545 03	
Value as per Lehigh Valley Railroad Co. books	\$72,750,225 69	
Value as per Lehigh Valley Railroad Co. of New Jersey books	7,927,000 00	
Total book value	\$80,677,225 69	

INCOME FROM INVESTMENTS AND OTHER SOURCES FOR THE
YEAR ENDED JUNE 30, 1907

TABLE 7

DIVIDENDS ON STOCKS:—

New York and Middle Coal Field Railroad and Coal Company	\$35,811 50	
Highland Coal Company	15,600 00	
Buffalo Creek Railroad Company	13,125 00	
Weatherly Water Company	360 00	
		<u>\$64,896 50</u>

INTEREST ON BONDS:—

Mutual Terminal Company of Buffalo	\$12,800 00	
Paxinosa Inn Company	10 00	
		<u>12,810 00</u>
INTEREST ON MORTGAGES		18,113 46

INCOME FROM OTHER SOURCES:—

Miscellaneous interest	\$254,493 33	
Net earnings from miscellaneous operations	594,824 70	
		<u>849,318 03</u>
Total		<u>\$945,137 99</u>

MISCELLANEOUS EARNINGS

TABLE 8

Trackage	\$295,970 82
Rents	176,037 51
Car service	280,891 58
Excess baggage and storage	39,957 29
Hire of equipment	28,150 29
Telegraph earnings	12,027 85
News stand earnings	7,225 59
Chair car earnings	5,318 50
Storage, &c.	160,081 97
Total	\$1,005,661 40

EARNINGS AND EXPENSES, EXCLUSIVE OF WATER LINES, FOR THE YEAR ENDED JUNE

TABLE 9

		EARNINGS					
		COAL TRAFFIC	FREIGHT TRAFFIC	PASSENGER TRAFFIC	EXPRESS AND MAIL	MISCELLANEOUS	GROSS EARNINGS
July,	1906	\$1,271,102 05	\$1,164,136 86	\$450,372 58	\$47,473 63	\$106,958 80	\$3,040,043 92
August,	"	1,343,122 73	1,249,370 98	513,560 77	48,691 41	145,081 52	3,299,827 41
September,	"	1,174,205 31	1,264,016 59	488,901 26	47,788 55	117,772 37	3,092,684 08
October,	"	1,300,200 55	1,448,100 86	356,080 00	50,115 93	22,652 21	3,177,149 55
November,	"	1,146,818 94	1,343,688 83	309,871 18	51,503 85	91,126 90	2,943,009 70
December,	"	1,200,270 87	1,157,483 92	320,054 50	49,747 66	93,972 85	2,821,529 80
January,	1907	1,277,615 21	1,074,616 30	250,775 33	51,302 78	76,024 76	2,730,334 38
February,	"	1,024,557 71	994,898 50	233,382 26	45,874 39	50,443 25	2,349,156 11
March,	"	1,291,778 54	1,307,605 30	305,839 92	45,290 84	26,616 29	2,977,130 89
April,	"	1,373,161 40	1,283,751 26	317,852 45	50,523 49	44,292 44	3,069,581 04
May,	"	1,318,020 09	1,393,989 91	360,556 42	51,207 35	95,817 64	3,219,591 41
June,	"	1,390,045 98	1,315,013 31	456,205 45	52,226 11	134,902 37	3,348,393 22
Total year ended June 30, 1907 .		\$15,110,899 38	\$14,996,672 62	\$4,363,452 12	\$591,745 99	\$1,005,661 40	\$36,068,431 51
Total year ended June 30, 1906 .		13,248,565 42	13,934,127 10	3,971,392 05	585,452 24	1,050,319 82	32,789,856 63
Increase		\$1,862,333 96	\$1,062,545 52	\$392,060 07	\$6,293 75	. . . . .	\$3,278,574 88
Decrease . . . . .		. . . . .	. . . . .	. . . . .	. . . . .	\$44,658 42	. . . . .
Increase, per cent.		14.06	7.63	9.87	1.08	. . . . .	10.00
Decrease, " . . . . .		. . . . .	. . . . .	. . . . .	. . . . .	4.25	. . . . .

30, 1907, COMPARED WITH TOTALS FOR THE YEAR ENDED JUNE 30, 1906

OPERATING EXPENSES					NET EARNINGS
MAINTENANCE OF WAY	MAINTENANCE OF EQUIPMENT	CONDUCTING TRANSPORTATION	GENERAL EXPENSES	TOTAL EXPENSES	
\$284,312 91	\$481,579 42	\$892,589 05	\$49,012 16	\$1,707,493 54	\$1,332,550 38
299,881 24	490,766 55	944,148 39	48,569 06	1,783,365 24	1,516,462 17
293,843 34	459,623 11	952,146 28	49,340 17	1,754,952 90	1,337,731 18
303,940 70	527,587 71	1,010,422 88	47,570 87	1,889,522 16	1,287,627 39
267,602 38	452,254 17	1,010,671 14	44,800 18	1,775,327 87	1,167,681 83
267,449 57	484,956 23	1,029,129 00	64,166 93	1,845,701 73	975,828 07
271,653 93	523,564 12	1,032,968 20	56,208 47	1,884,394 72	845,939 66
262,270 99	500,154 87	1,058,798 27	51,504 77	1,872,728 90	476,427 21
214,641 29	529,468 88	1,054,491 40	54,873 76	1,853,475 33	1,123,655 56
273,709 29	499,330 27	1,016,336 41	57,756 55	1,847,132 52	1,222,448 52
218,612 58	616,300 51	1,035,099 82	51,850 65	1,921,863 56	1,297,727 85
238,936 12	621,055 99	1,063,880 60	54,421 71	1,978,294 42	1,370,098 80
\$3,196,854 34	\$6,186,641 83	\$12,100,681 44	\$630,075 28	\$22,114,252 89	\$13,954,178 62
3,153,245 22	5,485,794 06	10,891,953 73	621,217 71	20,152,210 72	12,637,645 91
\$43,609 12	\$700,847 77	\$1,208,727 71	\$8,857 57	\$1,962,042 17	\$1,316,532 71
.....
1.38	12.78	11.10	1.43	9.74	10.42
.....

STATEMENT OF EARNINGS AND EXPENSES, EXCLUSIVE OF WATER LINES, FOR TEN
YEARS, 1898 TO 1907 INCLUSIVE

TABLE 10

EARNINGS

YEARS ENDED JUNE 30	COAL TRAFFIC	FREIGHT TRAFFIC	PASSENGER TRAFFIC	EXPRESS AND MAIL	MISCELLANEOUS	GROSS EARNINGS	NET EARNINGS, TAXES NOT DEDUCTED
1898	\$7,935,807 94	\$7,675,855 58	\$2,726,111 03	\$401,392 57	\$1,094,836 05	\$19,834,003 17	\$5,918,369 68
1899	9,051,739 56	7,622,155 52	2,660,492 79	397,928 48	1,188,529 57	20,920,845 92	5,314,320 24
1900	9,963,376 90	8,933,000 10	2,926,403 18	399,754 03	1,229,882 37	23,452,416 58	5,348,591 23
1901	9,636,802 48	9,272,317 07	2,989,004 24	424,083 35	1,160,359 50	23,482,566 64	4,814,542 36
1902	9,328,959 09	9,627,286 35	3,664,820 27	460,855 54	838,046 70	23,919,967 95	5,938,769 22
1903	10,104,764 40	11,609,706 36	3,191,638 63	483,059 54	1,265,334 33	26,654,503 26	7,674,323 60
1904	12,835,076 24	11,994,700 77	3,155,715 13	513,717 03	1,382,529 04	29,881,738 21	11,011,436 97
1905	13,530,337 42	12,432,582 74	3,509,825 33	544,768 49	1,258,328 74	31,275,842 72	12,346,141 39
1906	13,248,565 42	13,934,127 10	3,971,392 05	585,452 24	1,050,319 82	32,789,856 63	12,637,645 91
1907	15,110,899 38	14,996,672 62	4,363,452 12	591,745 99	1,005,661 40	36,068,431 51	13,954,178 62

The percentage of each class of earnings to gross earnings is as follows:—

	1898	1899	1900	1901	1902	1903	1904	1905	1906	1907
	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.
Coal freight	40.01	43.27	42.49	41.04	39.00	37.91	42.95	43.26	40.40	41.89
Other freight	38.70	36.43	38.09	39.49	40.25	43.56	40.14	39.75	42.50	41.58
Passenger	13.75	12.72	12.48	12.72	15.32	11.97	10.56	11.22	12.11	12.10
Express and mail	2.02	1.90	1.70	1.81	1.93	1.81	1.72	1.74	1.79	1.64
Miscellaneous	5.52	5.68	5.24	4.94	3.50	4.75	4.63	4.03	3.20	2.79

OPERATING EXPENSES

YEARS ENDED JUNE 30	MAINTENANCE OF WAY	MAINTENANCE OF EQUIPMENT	CONDUCTING TRANSPORTATION	GENERAL EXPENSES	TOTAL OPERATING EXPENSES	RATIO OF TOTAL EX- PENSES TO EARNINGS
						Per Cent.
1898	\$1,735,135 89	\$3,239,403 80	\$8,369,904 83	\$571,188 97	\$13,915,633 49	70.16
1899	2,851,344 08	3,345,742 18	8,831,958 29	577,481 13	15,606,525 68	74.60
1900	3,687,084 39	4,335,768 55	9,428,893 60	652,078 81	18,103,825 35	77.20
1901	4,241,717 04	4,316,861 72	9,374,299 48	735,146 04	18,668,024 28	79.50
1902	3,689,987 12	4,654,257 50	8,898,286 97	738,667 14	17,981,198 73	75.17
1903	4,099,168 88	4,694,395 07	9,567,083 09	619,532 62	18,980,179 66	71.21
1904	3,059,257 82	4,745,341 80	10,469,806 29	595,895 33	18,870,301 24	63.15
1905	3,269,382 74	4,894,269 44	10,179,037 79	587,011 36	18,929,701 33	60.52
1906	3,153,245 22	5,485,794 06	10,891,953 73	621,217 71	20,152,210 72	61.46
1907	3,196,854 34	6,186,641 83	12,100,681 44	630,075 28	22,114,252 89	61.31

The ratio of each class of operating expenses to gross earnings is as follows:—

	1898	1899	1900	1901	1902	1903	1904	1905	1906	1907
	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.
Maintenance of way	8.75	13.63	15.72	18.07	15.42	15.38	10.24	10.45	9.62	8.86
Maintenance of equipment	16.33	15.99	18.49	18.38	19.46	17.61	15.88	15.65	16.73	17.15
Conducting transportation	42.20	42.22	40.21	39.92	37.20	35.89	35.04	32.55	33.22	33.55
General expenses	2.88	2.76	2.78	3.13	3.09	2.33	1.99	1.87	1.89	1.75

INVENTORY OF EQUIPMENT, JUNE 30, 1907

TABLE 11

LOCOMOTIVES	857	ROAD SERVICE EQUIPMENT :—	
Tractive power (pounds)	22,777,258	Air-brake instruction	1
PASSENGER CAR EQUIPMENT :—		Box	6
Passenger	245	Business	2
Chair	4	Derrick	34
Dining	8	Locomotive cranes	2
Café	4	Flat	93
Business	3	Gondola	75
Combination	67	Gravel dump	377
Baggage and mail	28	Hoister	1
Express	72	Hospital	1
Fruit	11	Pile driver	3
Postal	3	Pole	10
Milk	70	Scale test	2
Total	515	Snow flangers	20
FREIGHT CAR EQUIPMENT :—		Snow plows	10
Box	20,428	Steam shovels	6
Stock	128	Supply	19
Lime	1	Tool	47
Refrigerator	194	Tunnel	6
Produce	957	Workmen's	167
Furniture	1	Total	882
Automobile	25	* FLOATING EQUIPMENT :—	
Bark	9	Lake steamers	6
Flat	258	Tugs	23
Gondola	2,914	Steam lighters	6
Set of gun and armor trucks	1	Barges	185
Coal	16,515	Car floats	22
Cabooses	379	Cattle floats	4
Total	41,810	Water boats	1
TONS CAPACITY	1,357,740.5	Work boats	3
		Wrecking boats	1
		Total	251

* Does not include Morris Canal equipment.

TABLE 12

CLASSIFICATION OF EARNINGS AND EXPENSES

EARNINGS	1907	1906	INCREASE	DECREASE
Coal freight	\$15,110,899 38	\$13,248,565 42	\$1,862,333 96	. . . . .
Other freight	14,996,672 62	13,934,127 10	1,062,545 52	. . . . .
Passenger	4,363,452 12	3,971,392 05	392,060 07	. . . . .
Express	373,953 30	367,706 36	6,246 94	. . . . .
Mail	217,792 69	217,745 88	46 81	. . . . .
Miscellaneous	1,005,661 40	1,050,319 82	. . . . .	\$44,658 42
Amounts carried forward	\$36,068,431 51	\$32,789,856 63	\$3,278,574 88	. . . . .

FOR THE YEARS ENDED JUNE 30, 1907 AND 1906

EXPENSES	1907	1906	INCREASE	DECREASE
MAINTENANCE OF WAY AND STRUCTURES:—				
Superintendence	\$113,786 37	\$109,645 04	\$4,141 33	
Repairs of roadway	1,583,500 25	1,550,036 99	33,463 26	
Renewals of rails	268,923 30	299,717 43		\$30,794 13
Renewals of ties	450,289 00	326,384 05	123,904 95	
Repairs and renewals of bridges and culverts	135,134 91	212,661 28		77,526 37
Repairs and renewals of fences, road cross- ings, signs, and cattle guards	73,514 52	59,181 67	14,332 85	
Repairs and renewals of buildings and fixtures	444,665 25	435,846 70	8,818 55	
Repairs and renewals of docks and wharves .	77,678 88	68,223 50	9,455 38	
Repairs and renewals of telegraph	35,128 06	28,645 61	6,482 45	
Expenses and repairs Company's real estate .		47,971 24		47,971 24
Stationery and printing	3,556 82	3,757 17		200 35
Other expenses	2,986 96	3,692 39		705 43
Relief fund payments	6,000 00	6,269 98		269 98
Injuries to persons	1,690 02	1,212 17	477 85	
Total maintenance of way and structures .	\$3,196,854 34	\$3,153,245 22	\$43,609 12	
MAINTENANCE OF EQUIPMENT:—				
Superintendence	\$44,607 84	\$46,653 90		\$2,046 06
Clerks and office expenses	84,261 26	86,419 27		2,158 01
Repairs and renewals of locomotives	2,798,953 57	2,452,273 33	\$346,680 24	
Repairs and renewals of freight cars	2,591,244 69	2,270,932 50	320,312 19	
Repairs and renewals of passenger cars . . .	367,731 57	341,855 78	25,875 79	
Repairs and renewals of work cars	24,495 66	28,808 05		4,312 39
Repairs and renewals of marine equipment .	1,544 53	541 58	1,002 95	
Repairs and renewals of shop machinery and tools	182,024 97	152,848 89	29,176 08	
Stationery and printing	9,291 73	10,132 81		841 08
Other expenses	71,044 88	82,913 48		11,868 60
Relief fund payments	9,600 00	10,688 96		1,088 96
Injuries to persons	1,841 13	1,725 51	115 62	
Total maintenance of equipment	\$6,186,641 83	\$5,485,794 06	\$700,847 77	

FOR THE YEARS ENDED JUNE 30, 1907 AND 1906—Continued

EXPENSES	1907	1906	INCREASE	DECREASE
CONDUCTING TRANSPORTATION:—				
Superintendence	\$134,039 91	\$119,492 19	\$14,547 72	
Clerks and office expenses	266,568 11	247,367 93	19,200 18	
Engine and roundhousemen	2,077,464 47	1,883,604 96	193,859 51	
Fuel for locomotives	3,162,259 66	2,631,040 28	531,219 38	
Water supply for locomotives	112,109 49	98,259 32	13,850 17	
Oil, tallow, and waste for locomotives	82,918 12	78,396 85	4,521 27	
Other supplies for locomotives	41,221 39	37,391 06	3,830 33	
Train service	1,320,833 53	1,194,501 45	126,332 08	
Train supplies and expenses	233,526 29	212,563 71	20,962 58	
Switchmen, flagmen, and watchmen	1,152,088 45	1,013,996 46	138,091 99	
Telegraph expenses	263,166 78	258,077 76	5,089 02	
Station service	1,389,857 08	1,295,464 88	94,392 20	
Station supplies and expenses	174,831 46	157,604 13	17,227 33	
Loss and damage	182,568 32	144,381 09	38,187 23	
Injuries to persons	62,935 91	67,861 88		\$4,925 97
Clearing wrecks	59,796 85	47,463 47	12,333 38	
Operating marine equipment	2,704 71	2,823 27		118 56
Advertising	134,197 58	80,766 16	53,431 42	
Outside agencies	471,117 93	453,374 45	17,743 48	
Stock yards and elevators	20,990 86	20,607 12	383 74	
Rents of tracks, yards, and terminals	413,894 72	470,175 59		56,280 87
Rents of buildings and other property	214,940 68	246,724 62		31,783 94
Stationery and printing	95,346 08	92,935 00	2,411 08	
Other expenses	4,874 06	7,233 33		2,359 27
Relief fund payments	26,429 00	29,846 77		3,417 77
Total conducting transportation	\$12,100,681 44	\$10,891,953 73	\$1,208,727 71	
GENERAL EXPENSES:—				
Salaries of general officers	\$113,876 57	\$107,759 04	\$6,117 53	
Salaries of clerks and attendants	280,000 40	263,491 09	16,509 31	
General office expenses and supplies	52,405 63	55,449 20		\$3,043 57
Insurance	59,980 70	59,928 68	52 02	
Legal expenses	69,026 52	86,913 27		17,886 75
Stationery and printing	31,207 28	27,057 26	4,150 02	
Other expenses	23,578 18	20,619 17	2,959 01	
Total general expenses	\$630,075 28	\$621,217 71	\$8,857 57	
TOTAL OPERATING EXPENSES	\$22,114,252 89	\$20,152,210 72	\$1,962,042 17	
NET EARNINGS	13,954,178 62	12,637,645 91	1,316,532 71	

PERFORMANCE OF LOCOMOTIVES (ENTIRE SYSTEM)

TABLE 13

	1907	1906	INCREASE	DECREASE
LOCOMOTIVE MILEAGE				
Passenger	4,084,695	3,909,310	175,385	
Freight and coal	9,062,057	8,621,883	440,174	
Express	334,920	335,980		1,060
Special	55,194	57,077		1,883
Helping, freight and coal	669,250	585,324	83,926	
Helping, passenger	98,066	93,248	4,818	
Light	1,095,199	968,017	127,182	
Switching	5,958,334	5,404,922	553,412	
Total (excluding work)	21,357,715	19,975,761	1,381,954	
Work	1,169,238	1,291,078		121,840
Total	22,526,953	21,266,839	1,260,114	
Average passenger	50,662	46,758	3,904	
Average freight and coal	33,769	35,171		1,402
Average switching and other	28,857	29,498		641
Average all services	34,340	34,921		581
Percentage of passenger helping	2.06	2.03	.03	
Percentage of freight and coal helping	6.29	5.86	.43	
Greatest mileage made by an engine in passenger service	96,293	99,680		3,387
Greatest mileage made by an engine in freight service	49,815	54,595		4,780
CAR MILEAGE				
Passenger, express and special	23,829,139	22,305,491	1,523,648	
Freight and coal, loaded	218,487,056	212,236,587	6,250,469	
Freight and coal, empty	89,998,484	93,133,857		3,135,373
Work, loaded and empty	1,986,729	1,174,662	812,067	
Caboose	8,992,566	8,311,812	680,754	
Total	343,293,974	337,162,409	6,131,565	
Average cars per draft, passenger	5.4	5.2	.2	
*Average cars per draft, freight (loaded basis)	29.6	30.5		.9
Average cars per draft, work (loaded basis)	1.3	.7	.6	

*Two empty freight cars equaling one loaded; caboose mileage included in empty mileage.

FOR THE YEARS ENDED JUNE 30, 1907 AND 1906

	1907	1906	INCREASE	DECREASE
FUEL COAL USED PER MILE				
	POUNDS	POUNDS	POUNDS	POUNDS
Passenger locomotive	118.5	112.6	5.9	. . . . .
Freight and coal locomotive	231.3	211.4	19.9	. . . . .
Switching and other locomotive	90.4	91.7	. . . . .	1.3
All services	162.9	152.4	10.5	. . . . .
Passenger car	23.7	23.1	.6	. . . . .
Freight and coal car	9.3	8.2	1.1	. . . . .
OIL AND WASTE				
	MILES	MILES	MILES	MILES
Lubricating oil, locomotive miles, per pint	26.28	26.49	. . . . .	.21
Cylinder oil, locomotive miles, per pint	66.80	68.51	. . . . .	1.71
Waste, locomotive miles, per pound	82.26	75.10	7.16	. . . . .
COST PER LOCOMOTIVE MILE				
	CENTS	CENTS	CENTS	
Fuel	14.81	13.17	1.64	. . . . .
Oil and waste . . . . .	.39	.39	. . . . .	. . . . .
Other supplies . . . . .	.19	.19	. . . . .	. . . . .
Water supply . . . . .	.53	.49	.04	. . . . .
Enginemen and firemen	7.82	7.54	.28	. . . . .
Roundhousemen	1.90	1.89	.01	. . . . .
Repairs (excluding renewals)	11.38	9.93	1.45	. . . . .
Total	37.02	33.60	3.42	. . . . .
Total, including renewals	38.06	35.20	2.86	. . . . .
COST PER CAR MILE				
	CENTS	CENTS	CENTS	
Fuel	1.10	.94	.16	. . . . .
Oil and waste . . . . .	.03	.03	. . . . .	. . . . .
Other supplies . . . . .	.01	.01	. . . . .	. . . . .
Water supply . . . . .	.04	.03	.01	. . . . .
Enginemen and firemen . . . . .	.58	.54	.04	. . . . .
Roundhousemen . . . . .	.14	.13	.01	. . . . .
Repairs (excluding renewals) . . . . .	.90	.75	.15	. . . . .
Total	2.80	2.43	.37	. . . . .
Total, including renewals	2.88	2.55	.33	. . . . .

ENGINE, TRAIN, AND CAR STATISTICS FOR THE YEARS ENDED
JUNE 30, 1907 AND 1906

TABLE 14

	1907	1906	PERCENTAGE OF INCREASE OR DECREASE
TRAIN AND ENGINE MILEAGE			
Miles run by passenger trains (including express)	4,419,615	4,245,290	Inc. 4.11
Miles run by freight trains	9,062,057	8,621,883	Inc. 5.11
Total revenue train miles	13,481,672	12,867,173	Inc. 4.78
Miles run by work trains	1,169,238	1,291,078	Dec. 9.44
Miles run by special trains	55,194	57,077	Dec. 3.30
Total train mileage	14,706,104	14,215,328	Inc. 3.45
Miles run by yard switching engines	5,958,334	5,404,922	Inc. 10.24
Miles run by engines in helping service	767,316	678,572	Inc. 13.08
Miles run by engines in light service	1,095,199	968,017	Inc. 13.14
Total engine mileage	22,526,953	21,266,839	Inc. 5.93
CAR STATISTICS			
Mileage of loaded freight cars	218,487,056	212,236,587	Inc. 2.95
Mileage of empty freight cars	89,998,484	93,133,857	Dec. 3.37
Mileage of caboose cars	8,992,566	8,311,812	Inc. 8.19
Total mileage of freight train cars	317,478,106	313,682,256	Inc. 1.21
Mileage of passenger cars, including Pullman cars	14,004,365	12,695,145	Inc. 10.31
Mileage of baggage, mail, express, and dining cars	9,751,651	9,535,328	Inc. 2.27
Total mileage of passenger train cars	23,756,016	22,230,473	Inc. 6.86
Mileage of work cars	1,986,729	1,174,662	Inc. 69.13
Mileage of special train cars	73,123	75,018	Dec. 2.53
Total mileage of non-revenue cars	2,059,852	1,249,680	Inc. 64.83
Total mileage of all cars	343,293,974	337,162,409	Inc. 1.82
Average number of loaded freight cars in train	24.11	24.62	Dec. 2.07
Average number of empty freight cars in train	10.92	11.76	Dec. 7.14
Average number of cars in each freight train	35.03	36.38	Dec. 3.71
*Percentage of loaded cars in each train	68.82	67.66	Inc. 1.71
Average miles run per freight car per day (including foreign)	23.31	24.44	Dec. 4.62
Average daily mileage of foreign freight cars on lines of Le-			
high Valley System	30.75	33.26	Dec. 7.55
Average number of passenger cars in train	3.17	2.99	Inc. 6.02
Average number of baggage, mail, express, and dining cars			
in train	2.21	2.25	Dec. 1.78
Average number of cars in each passenger train	5.38	5.24	Inc. 2.67
Average miles run per passenger car per day	108.09	103.16	Inc. 4.78

*Caboose included in empty mileage.

MILEAGE, HAUL, LOAD, RATE, &c. (ENTIRE SYSTEM) FOR THE YEARS ENDED
JUNE 30, 1907 AND 1906

TABLE 15

TABLE 15				INCREASE		DECREASE	
		1907	1906	Amount	Per cent.	Amount	Per cent.
PASSENGER							
Train mileage	4,084,695	3,909,310	175,385	4.49			
Car mileage	14,004,365	12,695,145	1,309,220	10.31			
Average cars per train	5.38	5.24	.14	2.67			
Passengers carried	5,181,533	4,989,989	191,544	3.84			
Average passengers per train	61.32	58.16	3.16	5.43			
Average passengers per car	17.88	17.91			.03	.17	
Passengers carried one mile	250,459,508	227,357,209	23,102,299	10.16			
Average haul	48.34 miles	45.56 miles	2.78 miles	6.10			
*Earnings	\$4,363,452 12	\$3,971,392 05	\$392,060 07	9.87			
Average earnings per train mile	106.82 cents	101.59 cents	5.23 cents	5.15			
Average earnings per passenger per mile	1.742 cents	1.747 cents			.005 cent	.29	
FREIGHT							
Train mileage	9,062,057	8,621,883	440,174	5.11			
Car mileage	317,478,106	313,682,256	3,795,850	1.21			
Average cars per train	35.03	36.38			1.35	3.71	
Tonnage	28,153,980	25,568,251	2,585,729	10.11			
Average tons per train mile	526.38	503.70	22.68	4.50			
Average tons per loaded car mile	21.83	20.46	1.37	6.70			
Ton miles	4,770,099,930	4,342,877,365	427,222,565	9.84			
Average haul	169.43 miles	169.85 miles			.42 mile	.25	
Earnings	\$30,107,572 00	\$27,182,692 52	\$2,924,879 48	10.76			
Average earnings per train mile	\$3.32	\$3.15	\$.17	5.40			
Average earnings per ton per mile . . . . .	.631 cent	.626 cent	.005 cent	.80		

* Express and mail earnings not included.

ANALYSIS OF TRAFFIC EARNINGS AND EXPENSES

TABLE 16

	1907	1906	INCREASE		DECREASE	
			Amount	Per cent.	Amount	Per cent.
EARNINGS, EXPENSES, AND NET EARNINGS						
Average miles of road operated	1,443.24	1,429.16	14.08	.99		
Total revenue train miles	13,481,672	12,867,173	614,499	4.78		
Freight and passenger revenue	\$34,471,024 12	\$31,154,084 57	\$3,316,939 55	10.65		
Freight and passenger revenue per mile of road	23,884 47	21,798 88	2,085 59	9.57		
Gross earnings, railroad	36,068,431 51	32,789,856 63	3,278,574 88	10.00		
Gross earnings per mile of road	24,991 29	22,943 45	2,047 84	8.93		
Gross earnings per revenue train mile	2.675	2.548	.127	4.98		
Operating expenses, railroad	22,114,252 89	20,152,210 72	1,962,042 17	9.74		
Operating expenses per mile of road	15,322 64	14,100 74	1,221 90	8.67		
Operating expenses per revenue train mile . .	1.640	1.566	.074	4.73		
Net earnings, railroad	13,954,178 62	12,637,645 91	1,316,532 71	10.42		
Net earnings per mile of road	9,668 65	8,842 71	825 94	9.34		
Net earnings per revenue train mile	1.035	.982	.053	5.40		
PASSENGER						
Passenger revenue	\$4,363,452 12	\$3,971,392 05	\$392,060 07	9.87		
Passenger train earnings	5,031,095 94	4,624,513 87	406,582 07	8.79		
Number of passengers carried	5,181,533	4,989,989	191,544	3.84		
Number of passengers carried one mile	250,459,508	227,357,209	23,102,299	10.16		
Average distance each passenger carried . . .	48.34 miles	45.56 miles	2.78 miles	6.10		
Average number of passengers one mile per mile of road	173,540	159,085	14,455	9.09		
Average revenue per passenger	84.21 cents	79.59 cents	4.62 cents	5.80		
Average revenue per passenger per mile . . .	1.742 cents	1.747 cents			.005 cent	.29
Passenger train mileage	4,084,695	3,909,310	175,385	4.49		
Passenger train mileage (including express) . .	4,419,615	4,245,290	174,325	4.11		
Passenger revenue per mile of road	\$3,023 37	\$2,778 83	\$244 54	8.80		
Passenger revenue per train mile	106.82 cents	101.59 cents	5.23 cents	5.15		
Passenger train earnings per mile of road . .	\$3,485 97	\$3,235 83	\$250 14	7.73		
Passenger train earnings per train mile . . .	113.84 cents	108.93 cents	4.91 cents	4.51		
Average number of passengers in each train .	61.32	58.16	3.16	5.43		
Passenger car mileage	14,004,365	12,695,145	1,309,220	10.31		
Baggage, mail, express, and dining car mileage	9,751,651	9,535,328	216,323	2.27		
Total mileage of passenger train cars	23,756,016	22,230,473	1,525,543	6.86		
Average number of passengers in each passen- ger car	17.88	17.91			.03	.17
Average number of passenger cars in train . .	3.17	2.99	.18	6.02		
Average number of baggage, mail, express, and dining cars in train	2.21	2.25			.04	1.78
Average number of cars in each passenger train	5.38	5.24	.14	2.67		

FOR THE YEARS ENDED JUNE 30, 1907 AND 1906

				INCREASE		DECREASE	
		1907	1906	Amount	Per cent.	Amount	Per cent.
FREIGHT							
Coal freight revenue	\$15,110,899 38	\$13,248,565 42	\$1,862,333 96	14.06	. . . . .	. . . . .
Miscellaneous freight revenue	14,996,672 62	13,934,127 10	1,062,545 52	7.63	. . . . .	. . . . .
Total freight revenue	\$30,107,572 00	\$27,182,692 52	\$2,924,879 48	10.76	. . . . .	. . . . .
Number tons coal and coke carried	14,374,216	12,753,053	1,621,163	12.71	. . . . .	. . . . .
Number tons miscellaneous freight carried	13,779,764	12,815,198	964,566	7.53	. . . . .	. . . . .
Total number tons carried, all revenue freight	28,153,980	25,568,251	2,585,729	10.11	. . . . .	. . . . .
Tons one mile, coal and coke	2,022,206,603	1,813,178,342	209,028,261	11.53	. . . . .	. . . . .
Tons one mile, miscellaneous freight	2,747,893,327	2,529,699,023	218,194,304	8.63	. . . . .	. . . . .
Tons one mile, all revenue freight	4,770,099,930	4,342,877,365	427,222,565	9.84	. . . . .	. . . . .
Average distance carried, all revenue freight	169.43 miles	169.85 miles	. . . . .	. . . . .	.42 mile	.25	
Average number of tons carried one mile per mile of road	3,305,133	3,038,762	266,371	8.77	. . . . .	. . . . .
Average revenue per ton, all revenue freight	106.94 cents	106.31 cents	.63 cent	.59	. . . . .	. . . . .
Average revenue per ton per mile, all revenue freight . . . . .	.631 cent	.626 cent	.005 cent	.80	. . . . .	. . . . .
Freight train mileage	9,062,057	8,621,883	440,174	5.11	. . . . .	. . . . .
Freight revenue per mile of road	\$20,861 10	\$19,020 05	\$1,841 05	9.68	. . . . .	. . . . .
Freight revenue per train mile	\$3.32	\$3.15	\$.17	5.40	. . . . .	. . . . .
Average number of tons in each train	526.38	503.70	22.68	4.50	. . . . .	. . . . .
Average number of tons in each loaded car	21.83	20.46	1.37	6.70	. . . . .	. . . . .
Percentage of loaded cars in each freight train	68.82	67.66	1.16	1.71	. . . . .	. . . . .
ALL FREIGHT, INCLUDING COMPANY'S SUPPLIES							
Number of tons carried	30,635,843	27,779,188	2,856,655	10.28	. . . . .	. . . . .
Number of tons carried one mile	4,950,458,102	4,512,217,973	438,240,129	9.71	. . . . .	. . . . .
Average distance carried	161.59 miles	162.43 miles	. . . . .	. . . . .	.84 mile	.52	
Average number of tons in each train	546.28	523.34	22.94	4.38	. . . . .	. . . . .
Average number of tons in each loaded car	22.66	21.26	1.40	6.59	. . . . .	. . . . .

CONDENSED BALANCE

TABLE 17

Dr.

THE LEHIGH VALLEY

ASSETS		
PROPERTY AND PLANT		\$17,565,524 79
TREASURY STOCK		350,000 00
ADVANCES FOR COAL MINING RIGHTS		5,408,542 02
CURRENT ASSETS :—		
Cash on deposit and in hands of Treasurer	\$493,162 03	
Cash in transit	410,347 37	
Stock of coal on hand	2,665,688 36	
Materials and supplies	450,775 13	
Bills receivable	254,271 28	
Due by individuals and companies	4,394,802 30	
		8,669,046 47
DEFERRED AND SUSPENDED ASSETS :—		
Premiums on unexpired insurance and other deferred assets		16,398 48
TRUSTEES OF SINKING FUNDS :—		
Cash and bonds in the hands of the Trustee		1,418,335 66
TOTAL ASSETS		\$33,427,847 42

SHEET, JUNE 30, 1907

Cr.

COAL COMPANY

LIABILITIES		
CAPITAL STOCK	\$1,965,000 00	
FUNDED DEBT	12,957,500 00	
CERTIFICATES OF INDEBTEDNESS	10,537,000 00	
		\$25,459,500 00
CURRENT LIABILITIES :—		
Audited vouchers	\$3,010,056 42	
Wages due and unpaid	431,120 95	
Sundry accounts payable	314,843 62	
Royalties on coal mined and due lessors	45,651 26	
Bond interest due and payable	6,600 00	
Taxes due and payable	4,331 00	
		3,812,603 25
DEFERRED AND SUSPENDED LIABILITIES :—		
Royalties received from lessees, not accrued	\$153,967 17	
Interest on funded debt, accrued	316,937 50	
Taxes accrued	51,040 18	
Deferred real estate payments	56,000 00	
Miscellaneous	2,360 30	
		580,305 15
RESERVE ACCOUNTS :—		
Sinking funds and other reserves		1,787,574 70
		1,787,864 32
PROFIT AND LOSS		
		\$33,427,847 42
TOTAL LIABILITIES		

1907